

conference to plan for the general limitation of armaments; to the Committee on Foreign Affairs.

586. By Mr. DARROW: Petition of the Lumbermen's Exchange of Philadelphia, Pa., urging relief for the disabled soldiers; to the Committee on Interstate and Foreign Commerce.

587. By Mr. KINDRED: Petition of the National Congress, Mothers and Parent-Teachers' Associations, Washington, D. C., urging the passage of the Sheppard-Towner bill; to the Committee on Interstate and Foreign Commerce.

588. Also, petition of the Chamber of Commerce of the State of New York, urging adequate quarantine facilities, etc.; to the Committee on Interstate and Foreign Commerce.

589. By Mr. KISSEL: Petition of Henry Reisdorf, Brooklyn, N. Y., urging higher rate on lithograph work, etc.; to the Committee on Ways and Means.

590. Also, petition of Capt. Patrick McAllister, Brooklyn, N. Y., urging the recognition of the Irish republic; to the Committee on Foreign Affairs.

591. Also, petition of Daniel and May McAuley, Brooklyn, N. Y., urging the recognition of the Irish republic; to the Committee on Foreign Affairs.

592. Also, petition of Mrs. Mary Kelly, Brooklyn, N. Y., urging the recognition of the Irish republic; to the Committee on Foreign Affairs.

593. By Mr. KNIGHT: Petition of citizens of the fourteenth district of the State of Ohio, against any revision of the tariff on those classes of coal-tar products that are used in the manufacture of dips and disinfectants; to the Committee on Ways and Means.

594. Also, petition of citizens of Elyria and other Ohio cities, for suspension of immigration; also for the enactment of permanent legislation that will suspend immigration for a period of three years, etc.; to the Committee on Immigration and Naturalization.

595. Also, petition of the Burkhardt Co., the Akron Beverage & Cold Storage Co., and the Renner Products Co., all of the city of Akron, Ohio, urging the repeal of the internal revenue on cereal beverages; to the Committee on Ways and Means.

596. By Mr. MACGREGOR: Petition of the East Buffalo Brotherhood of Railway Trainmen against the sales tax, also for the repeal of the excess-profits tax; to the Committee on Ways and Means.

597. Also, petition of citizens of Chicago, Ill., and elsewhere, urging the passage of the bill introduced by Mr. MACGREGOR for duty on canary birds; to the Committee on Ways and Means.

598. Also, petition of the Women's Auxillary, Tusculana Post No. 174, Buffalo, N. Y., urging relief for the disabled soldiers; to the Committee on Ways and Means.

599. By Mr. PARRISH: Petition of the Chamber of Commerce of the city of Vernon, Tex., urging relief for the disabled soldiers; to the Committee on Interstate and Foreign Commerce.

600. By Mr. RIORDAN: Petition of citizens of the eleventh congressional district of New York, urging recognition of the Irish republic; to the Committee on Foreign Affairs.

601. By Mr. ROGERS: Petition of citizens of the fifth district of the State of Massachusetts, urging recognition of the Irish republic; to the Committee on Foreign Affairs.

602. By Mr. SNELL: Resolutions of the American Legion, Plattsburgh Post No. 20, Plattsburgh, N. Y., for relief of disabled soldiers; to the Committee on Interstate and Foreign Commerce.

603. Also, resolution of Russell B. Childs Post No. 769, Chazy, N. Y., for the relief of the disabled soldiers; to the Committee on Interstate and Foreign Commerce.

604. By Mr. SPEAKS: Papers to accompany H. R. 6005, granting a pension to Frank P. Lilley; to the Committee on Pensions.

605. By Mr. TINKHAM: Petition of citizens of the eleventh congressional district of the State of Massachusetts, urging recognition of the Irish republic; to the Committee on Foreign Affairs.

606. Also, petition of the Pilgrim Publicity Association, Boston, Mass., urging legislation for the protection of the coal-tar dye industry; to the Committee on Ways and Means.

607. By Mr. WATSON: Petition of the one hundred and thirty-sixth convention of the Protestant Episcopal Church in the diocese of Pennsylvania, urging international agreement for disarmament; to the Committee on Foreign Affairs.

608. By Mr. WOODYARD: Petition of the Women's Club of Huntington, W. Va., favoring national censorship of the picture shows; to the Committee on Education.

609. Also, petition of classes of the West Liberty State Normal School, West Liberty, W. Va., favoring the passage of House bill 7; to the Committee on Education.

SENATE.

WEDNESDAY, May 11, 1921.

(Legislative day of Monday, May 9, 1921.)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. PENROSE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk called the roll, and the following Senators answered to their names:

Broussard	Hale	McCumber	Robinson
Calder	Harrison	McLean	Sheppard
Cameron	Johnson	McNary	Shortridge
Capper	Jones, Wash.	Moses	Smoot
Cataway	Kellogg	Nelson	Spencer
Colt	Kendrick	New	Wadsworth
Curtis	Keyes	Norris	Walsh, Mass.
Dillingham	King	Oddie	Williams
Ernst	Knox	Overman	Willis
Gooding	La Follette	Penrose	

Mr. MOSES. I wish to announce that the Senator from Iowa [Mr. KENYON] and the Senator from South Dakota [Mr. STERLING] are detained on official business.

The VICE PRESIDENT. There are 39 Senators present, not a quorum. The Secretary will call the absentees.

The reading clerk called the names of the absent Senators, and Mr. HARRIS, Mr. JONES of New Mexico, Mr. NEWBERRY, Mr. SMITH, and Mr. WARREN answered to their names when called.

Mr. PHIPPS, Mr. MCKELLAR, Mr. HARRELD, Mr. FRANCE, Mr. NICHOLSON, Mr. BALL, Mr. DIAL, and Mr. STERLING entered the Chamber and answered to their names.

Mr. HARRISON. I desire to announce that the junior Senator from Alabama [Mr. HEFLIN] is absent attending the funeral of Col. Bertram Clayton, who died overseas.

I wish also to announce that the senior Senator from Alabama [Mr. UNDERWOOD] is absent because of a death in his family.

Mr. TRAMMELL, Mr. SIMMONS, Mr. WATSON of Georgia, Mr. STANLEY, Mr. LENROOT, Mr. EDGE, Mr. BORAH, Mr. BURSUM, Mr. FLETCHER, Mr. HITCHCOCK, Mr. CULBERSON, and Mr. SHIELDS entered the Chamber and answered to their names.

The VICE PRESIDENT. Sixty-four Senators having answered to their names, a quorum is present.

SUBMARINE TORPEDO BOATS.

Mr. McLEAN. Mr. President, on yesterday I offered an amendment intended to be proposed by me to the naval appropriation bill. I have a communication from parties engaged in the manufacture of the Lake torpedo boat in support of that amendment. It is a very important industry located in Connecticut, and unless the amendment is agreed to the plant will have to close and some 2,000 men will be thrown out of employment. I ask unanimous consent that the communication may be printed in the RECORD.

The VICE PRESIDENT. Without objection, the communication will lie on the table and be printed in the RECORD.

The matter referred to is as follows:

THE LAKE TORPEDO BOAT CO.,
Bridgeport, Conn., U. S. A., May 7, 1921.

[Amending naval bill 4803, to permit construction of six fleet submarines under the 1916 naval program.]

Senator GEORGE P. McLEAN,

United States Senate, Washington, D. C.

MY DEAR SENATOR: 1. The Lake Torpedo Boat Co., of Bridgeport, Conn., requests you to offer an amendment to H. R. 4803, page 51, as follows: After the word "that," in line 25, insert the following: "with the exception of submarine torpedo boats," and to cause the same to be voted upon by the Senate.

2. A favorable vote will permit the Navy Department to proceed with the construction of the six fleet submarines authorized by the 1916 naval program. A negative vote will suspend the construction of the six fleet submarines.

The net result will be that we will be obliged to close our shipyard and disband our force if the vote is negative. We desire this question to be definitely settled by Congress. We consider the subject one of national importance, because our plant is a specialty devoted exclusively to the construction of submarines for the United States Navy. It can not be readily revived in any national emergency.

It has taken 20 years to organize and perfect our force of some 75 engineers and draftsmen and 1,200 skilled mechanics. Over \$2,000,000 of private money has been invested in the development of the Lake type submarine and the Bridgeport specialty plant, which is the only one of its kind in the world.

It consists of some 23 acres of land, with about three-quarters of a mile of water front, 15 building slips, 25 buildings, 1 wet basin, and 1 marine railway.

3. We have built the following Diesel engine submarines: I-5; N-4, 5, 6, 7; O-11, 12, 13; R-21, 22, 23, 24, 25, 26, 27; S-2, 14, 15, 16, 17, all of which, we believe, have given satisfaction.

We are now building the S-48, 49, 50, and 51, which will be completed long before another naval act can make available submarines to keep our plant open; hence, unless the present naval bill provides for the six fleet submarines, it will be necessary to close our plant and disband our skilled forces.

4. If we are forced out of business by the action of Congress, the net result will be that after 20 years of honest efforts to aid the national defense through efficient submarine torpedo boats we will have made little, if any, financial returns on a substantial investment, which will hardly inspire others to follow our example.

5. The Senate Committee on Naval Affairs is generally informed as to the physical status of the submarines in our Navy, and it can inform the country how many are fit for service or how many more, if any, are essential to the national defense.

6. It is not within the province for a Government contractor to advise Congress in regard to the country's naval program. However, it is our inherent right to inform Congress that the legislation now pending will result in the loss to the Nation of our specialty plant.

7. If our plant and most skilled organization were of the ordinary manufacturing type, such a loss would not be a matter of general public interest. However, it seems a national calamity to abandon a plant and organization built up solely for the design and construction of submarines for our national defense.

8. We trust that our facts and views above may be presented to all the Senators.

Yours, respectfully,

THE LAKE TORPEDO BOAT CO.,
By H. S. MILLER, President.

SIMON LAKE, M. I. N. A.,
INVENTOR AND CONSULTING ENGINEER,
Milford, Conn., May 9, 1921.

[From Simon Lake to the United States Senators and Members of Congress, Washington, D. C.]

To Hon. GEORGE P. McLEAN:

Is the national defense in jeopardy through suspension of submarines in the 1916 program?

The above is the personal question of one who has devoted his life to the development of submarines. The naval bill (H. R. 4803), page 51, lines 24-25, provides for the continuation of construction of the battleships, battle cruisers, and scouts authorized in the 1916 program, in language as follows: "Total increase of the Navy, \$90,000,000: *Provided*, That no part of this appropriation can be expended except on vessels now being constructed." The six fleet submarines authorized in the 1916 program are indefinitely suspended by this provision.

The result is that the only exclusive submarine plant that has produced any large number of submarines that are fit for service is to be closed up, because it will soon complete the last four vessels now under contract. Its skilled force of engineers and mechanics, who have been trained and organized during about 20 years, will be disbanded and the plant will be salvaged, because it is built solely for the specialty of submarine construction. It is the only one of its kind in the world.

While it is a matter of slight financial consequence to the writer, such an ending of a lifetime endeavor to provide the country with efficient submarines strikes deep into the heart and wounds the pride of an American inventor, who feels that he at least has a right to be heard by you before the Bridgeport submarine plant is abandoned. The company has made little, if any, money through building more than 20 submarines for the United States Government; therefore the writer feels obliged to personally present the subject for such attention as you may feel like giving it. The writer hopes that after digesting this communication the Senators will feel justified in amending the provision to permit the construction of the 1916 submarine program.

A visit in naval circles fails to disclose anybody favorable to suspending construction of the fleet submarines. The present administration has announced in the press that it wants the 1916 naval program completed, and it is hard to find why an exception of submarines is made. It seems strange that the most powerful of weapons and the cheapest to build should be the first to be abandoned in the agitation for disarmament and the universal desire for a minimum of Government expenditure and taxation. While our people cry out for economy, why not economize on the big things and buy the low priced, especially when the little submarines can hold their own against anything afloat. Apparently the reason for the discrimination in legisla-

tion against the submarine is to be found in something other than economy. Numerous facts and experiences will be related to you with the hope that you may be able to discover what the writer can not—a justifiable reason for ending or suspending submarine construction and closing up the Bridgeport specialty plant, whose record for success challenges comparison with the 30 submarines that can not get into even preliminary acceptance trials because their engines have been rejected pending attempts to correct them.

H. R. 4803 provides for \$2,000,000 to reengine the L-1, L-2, L-3, L-4, L-9, L-10, L-11, and M-1. No such items appear in the naval bill for any vessel built by the Bridgeport plant, which should not be shut up when others need a breathing spell to try to fix up submarines that are unserviceable. The development of the submarine art can not await upon the misfortunes of any contractor.

When you have completed a survey of the facts that the writer presents it is believed that your judgment will favor progress and rewards for the successful and will disfavor everything that forces the successful out of business through starvation and strangulation.

No naval officer is to blame for the plight of any submarine contractor; hence in digesting this record of events please realize that the naval experts are not on trial and that the sole question is what should be done for the national defense through submarine torpedo development and progress.

It may appear at first a long story, but it is essential that the past history be reviewed so that the present situation can be understood.

The writer has spent 28 years in the development and construction of submarines for our country and foreign nations. It may be thought that the naval officers are the proper ones to consider provisions for submarine programs. That is true, but the fact is that Congress has given the naval experts little to say, because in the past powerful lobbies have attempted to influence legislation for the creation of a monopoly. It is therefore the duty of Congress to consider the problems of national defense because Congress limits the activities of naval and army experts through legislative measures, among which is the provision suspending the six fleet submarines.

To assist Congress in arriving at a just and adequate decision, the writer has sent to you, with his compliments, his book, *The Submarine in War and Peace*, much of which was written before the start of the war and not published until 1918, by J. B. Lippincott Co., of Philadelphia. It is a popular treatise of the history and development of the submarine from an experimental toy to a practical weapon of defense. The book relates some of the writer's experiences with the Russians, Austrians, Germans, and other naval authorities throughout the world. The reading may amuse or interest one, according to what he is after.

The book relates the writer's experience with Von Tirpitz in 1906. When Von Tirpitz inspected the Lake-type plans, he saw a large fleet submarine with 2 guns and 10 torpedoes. He exclaimed, "That is what Germany wants. That type of submarine is good for offensive purposes." The entire world now knows how offensive Von Tirpitz made the cruiser submarines that sank vessels within sight of the American shores.

Many people think the submarine was mastered and driven from the sea. Hundreds of millions were expended and lost on barrages and large fleets of trawlers, submarine chasers, and other ships to offset the sinkings caused by these German submarines, and the submarines captured by these vessels were only one or two disabled submarines, and those sunk were insignificant in number and cost in comparison to the surface ships lost. England lost ships, cargoes, and men without number. Untold fortunes paid tribute to the awful power of destruction of the submarine.

In spite of the expenditures of billions on destroyers, submarine chasers, mines, airplanes, and barrages the submarine continued to infest the seas.

The strategy of war made it good tactics to claim destruction of submarines in unlimited numbers, but the war history records no such events as were claimed during hostilities. Much has been made of the fact that no American transports and troopships were sunk by submarines. The writer understands that history records that the Germans felt it better not to sink American troopships and saw her error in thinking that she could conquer the world through frightfulness.

To quote the statements of one high American naval officer who was active overseas, "Germany decided it was bad policy to sink any of our troopships, as that would further alienate us when it came time to make peace and resume trade relations," so the orders went out to spare American troopships; in other words, as this officer stated, "They could have sunk our ships

if they wished, but they had 'lost their guts' and did not have the nerve to carry out their former program of frightfulness." Admiral Sims, commander of our American naval forces abroad, in an address in Bridgeport a few days ago, said substantially the same thing. According to the Bridgeport Telegram of April 23, 1921, he said, "If Admiral Von Tirpitz had had his way in the high councils of Germany, we would now be speaking German with a decided New England accent," and he also said he "believed airplanes and submarines would be the master weapons in future wars." The submarine has not lost its power over other types of craft. It is just as deadly as when I first appeared before the House and Senate Naval Committees many years ago and foretold the events that history has now recorded during the war with Germany.

I urged Congress then to provide for the national defense through submarines.

The experiments with my first boat, the *Argonaut*, justified my predictions and secured for me the favorable scientific support of the then naval chiefs of the bureau—Admirals Melville, O'Neill, Bradford, Sigsbee, and Bowles.

In 1901 Chairman Hale, of the Senate Naval Committee, called me before the committee. I was asked to submit a proposition to the Navy Department.

At the request of the Board of Construction I prepared designs of a small submarine to carry on the deck of a battleship or cruiser, of a harbor-defense type, and also of a cruiser type, which was the forerunner of the so-called fleet submarine. The board told me my designs were the best submitted, and I was urged to build with the private means of my friends a coast-defense type, plans of which I had submitted. The promise was made to test it and recommend its purchase if it proved its worth.

This vessel was built by me through private funds. It was known as the *Protector*. Government experts tested her and recommended to Congress the purchase of her and five similar for the Atlantic and Pacific coasts. The Senate voted for the purchase, which was killed in the House committee. I know why and how, but that is another story. The *Protector* was then sold to Russia during the war with Japan.

I declined to sell her to Japan. I went to Russia and my company built many others for that Government. We also built the *U-1* and *U-2*, the first submarine boats built for Austria.

However, I did not abandon hope of recognition in my own country, so we built the *Simon Lake X* at Newport News. American trials were asked, but time was not granted for the 10 days needed to complete her. This submarine went abroad. I know now why trials were not available. A former United States Senator years afterwards told me the whole story of how the trials were prevented, although the United States naval experts desired to test her.

Many foreign naval experts inspected her in America. Several of our American-built submarines were shipped to Russia via the Hamburg-American Line, and in passing through Germany they were seen by the Germans, who learned all about their construction, which they afterwards put into such offensive use, instead of American defensive use, as planned by me when I first submitted my plans to our Navy in 1893, with the hope that my plans would become the secret of my own country. When you grasp that the German submarines in general form and construction and principles of operation were copies from my plans and ideas you will appreciate what it cost our country to let an American invention get into foreign hands.

Before I built the *Argonaut* I asked no money. I was only 26 years old. My hope was that I could get an appointment to our naval service and have my Government work out with me my ideas on submarines. I wanted it to be secret and for the sole protection of our country.

Being a young man with no knowledge of Washington affairs, I made little practical progress, and the result was that my invention went into the hands of foreigners. I could not even get official permission for officers to go down in my submarine at Hampton Roads during the Spanish-American War.

The commanding officer said he could not take such a chance with his men. I asked in vain for officials to inspect. I wrote Theodore Roosevelt, then Assistant Secretary of the Navy, and he replied that a board would be appointed and an inspection made. But Roosevelt resigned and went into the war. I could not get a test.

After a trip from Newport News to New York in this submarine, I received my first foreign recognition—a congratulatory telegram from Jules Verne, predicting that her success would change the naval policies of the world; all has come true. However, it was not until many years had passed that naval officers of prominence recognized the superiority of the submarine.

Admiral Sir Percy Scott, of the British Navy, only shortly before the war, in a strong letter to the London Times, stated: "The introduction of the vessels that swim under water has, in my opinion, entirely done away with the utility of the ships that swim on top of the water." He stated further: "If we go to war with a country that is within striking distance of submarines, I am of the opinion that the country will at once lock up their dreadnaughts in some safe harbor and we shall do the same. I do not think the importance of submarines has been fully recognized, neither do I think that it has been realized how completely their advent has revolutionized naval warfare. In my opinion, as the motor has driven the horse from the road, so the submarine has driven the battleship from the sea."

I have always felt somewhat chagrined that I was forced to go abroad to gain recognition for my inventions in submarines. I always felt that my own country should have had the exclusive use of my inventions.

I have never failed to urge in every proper manner the adoption of my submarine inventions.

After the *Simon Lake X* was shipped abroad, we moved our principal technical office to Berlin, which was centrally located, to operate in Russia and other European points.

In the meantime we laid down another submarine in America and expected to get her tried in competition for an American appropriation.

Before this boat could be completed, the act was amended in the next Congress through a conference amendment of which we had no notice.

This submarine functioned satisfactorily but did not have the speed of a competitor built later to meet the law, amended after we started.

This submarine is still on my hands. She cost over \$300,000 of private funds of myself and friends. We then contracted with the United States to build on the no-cure, no-pay basis, a submarine faster and larger and more powerful than any that had at that time been proposed either in America or abroad. This vessel cost much more than the contract price. At a risk of several hundred thousand dollars, we at last succeeded in getting a Lake type submarine into the American Navy but not until after foreign governments had bought many, based upon the features I proposed to my own Government in 1893.

The *Protector* went to Vladivostok. She was the only submarine in commission during the Russian-Japanese War.

Our submarines were recognized in Europe as a type superior to any that had been previously experimented with.

My principles in submarines have been generally copied in all the latest types of boats in all countries. Many of the auxiliary devices in submarines have been developed by my company at a large private expense.

Many features are patented. Many devices have required expensive engineering talent to design and develop at private expense, in spite of the fact that they are not patented. All these expensive developments have been made available to our Navy. I developed the first periscope that gave natural vision. The most satisfactory Diesel engine was introduced to America by us. While living abroad and building abroad for foreign Governments, I had access to the works at that time experimenting with and building Diesel engines. I secured the option to build what I believed the best engine that had been experimented with. It was the Sulzer Bros.-Diesel engine, built at Winterthur, Switzerland. They built the first engine in Switzerland for us, and largely from our suggestions, which resulted from experiences that cost us hundreds of thousands of dollars through broken engine shafts, etc. Ultimately our negotiations resulted in the arrangement between the Sulzer Bros. and the Busch people at St. Louis and indirectly we are solely responsible for the creation in America of a submarine Diesel engine that can challenge anything built at home or abroad. It is generally conceded to be the best and most reliable heavy oil engine in use in our Navy. Many other submarines made by others than the Lake Co. are practically useless on account of engine troubles.

In view of the testimony of former Secretary Daniels before the Naval Committee of the House of Representatives last year, regarding submarines, which has been published abroad, I do not believe I am disclosing any naval secrets when I refer to the fact that a large number of submarines built by others than the Lake Co. are having serious trouble with their engines. I quote from the *Rivista Marittima*, an Italian publication, of April, 1921, page 138, in re testimony of Secretary of the Navy Daniels:

Continuing on the same subject, the committee was informed that 30 units of the "S" class built by the Electric Boat Co. had not been accepted, while the equivalent types constructed by other firms had

been satisfactory. The engines supplied by the Electric Boat Co. are of special design, and have all had their crank shafts broken on account of excessive vibrations; after reducing the speed in order to eliminate the vibrations other defects have appeared, as a result of which the vessels' acceptance has been suspended until the defects have been remedied.

These 30 boats, I have been informed, apply to boats that have not yet been able to meet their preliminary acceptance trials.

House bill 4803 provides \$2,000,000 to reengine the *L-1*, *L-2*, *L-3*, *L-4*, *L-9*, *L-10*, *L-11*, and *M-1*, none of which submarines were built by us.

I do not criticize this necessary expenditure to make right boats that have cost millions to build, and I know how difficult it is to calculate the stresses that come on internal-combustion engines in submarines. I believe I installed the first successful internal-combustion engine that was ever used in submarines. This was in the *Argonaut*, built with private capital back in 1896 and 1897. At that time the only submarine boat building for the United States Government was the *Plunger*, built under a Government appropriation and Government supervision. This vessel was fitted with steam engines, and she was uninhabitable and unseaworthy, and the only time she was ever submerged was when she accidentally sank at the dock. Our development of the gasoline internal-combustion engine produced the most successful engine of that type up to a certain size, but for larger power we found it unsuitable. We had been conducting experiments for years on heavy oil internal-combustion engines and had also kept in close touch with the various builders of engines which might be better adapted for submarine use, and were thus able to secure their cooperation to build on lines based upon our experience.

The basic hull features of the fleet submarine design are based upon my patents, which expired before we could get the opportunity to build such a type of vessel ourselves.

All my years of development of the cardinal features in submarines end with no profit whatsoever for those who have made this defensive weapon practical and of serviceable use in the Navy.

Individually, I could have sold out several times for a large sum, but neither myself nor my associates felt it patriotic to do so, because a monopoly in our defensive weapons would not tend to give the country the best that American inventive ability can produce.

Now that some of our pioneer patents have expired, the Navy Department has started to build submarines in one of its navy yards, and other shipyards are also making efforts to get into the business which has been developed so largely at our own expense. I care little about this personally, because my first ambition to be taken into the Navy as a specialist to develop submarines is a thing of the past. My monetary remuneration probably would have been little more than a living and my personal freedom to develop other inventions would have been restricted. I am willing to pass my 28 years of work for the benefit of my country on to those who are responsible for the country's defense. I do care, however, about what becomes of the Lake Torpedo Boat Co., which has been financed by some of my friends, some of whom have stood by me for years and provided means to carry this work along to a successful issue as far as providing proper methods and apparatus to protect our shores from any foreign foe.

Not one dollar of net profit has been made from the United States Government operations.

Our 23-acre shipyard and machine plant at Bridgeport is especially built for submarines only. It is the only one of its kind in the world.

It is fitted for no other uses than submarine construction. The staff and force are the creation of 20 years' experience, which education and experience has been secured at the expense of our stockholders, some of whom have put their lifetime savings into the company. Nowhere else is there a group of mechanics and engineers who have produced such excellent results. I believe the naval experts will concur in the statement that we have always tried to do our best and that our product is generally satisfactory.

To disband such a force of skilled mechanics is a national blunder.

Such an organization could not be perfected during any emergency.

The submarine has not yet reached its full development. There are other features that may well be added to further their effectiveness and increase the scope of their usefulness.

In my humble judgment it is the only weapon that can safely be relied upon to keep foreign fleets from our shores. Every other weapon is visible and can be met by another of its kind; the submarine is invisible, and if made noiseless and provided with noiseless and invisible automobile torpedoes or

with proper mine-planting facilities, no other type of ship that floats on the surface of the sea or in the air can meet it on equal terms. The cost of a submarine is slight compared with other vessels. Did the six hundred millions spent for aircraft get a single German submarine? No. According to the official reports, the best defense against the German submarines was other submarines. As soon as war was declared between our country and Germany I sent several plans to our Navy Department as well as to some English naval friends. I outlined how submarines could be used for a defense against attacking enemy submarines. Some of these plans were later put into practice. They proved effective, but if they had been fully carried out the loss of ships near the English coast would have been very much reduced. These plans, I presume, are still on file in the secret archives of the Navy Department, where they may remain without further discussion so far as I am concerned.

This war has confirmed my conviction that American inventions for the protection of the country should be kept secret and inviolate. I wrote the Secretary of the Navy suggesting that all American inventions should be withheld from publication during the period of the war. I also saw the late Senator Tillman and suggested the same thing. He said, "Lake, that is a good idea. I will see that it is done." Afterwards I was notified by the Patent Office that I had a patent application in the office which if disclosed might be of aid to the enemy. I was warned that if I discussed it or disclosed it I would be subject to a fine of \$10,000 and imprisonment. Thus I learned that my recommendation had been followed. I think this rule is a good one and that it should remain in force during peace. All weapons and devices and chemical compositions invented by Americans applicable to war use should be held as American secrets.

In Berlin, Germany, our American consul once read a circular addressed to German manufacturers to this effect: "Manufacturers, do not allow foreigners to visit your factories where you have any special process or machines in use, especially beware of Americans, as they are quick to grasp new ideas; on the contrary, you should send representatives from your factories to foreign countries, especially America, as they are an inventive people. Your people should obtain employment in their factories; thus you will learn all that the others know plus what you alone know. Therefore Deutschland über alles! Signed, Wilhelm."

The United States should provide a law to secure and keep secret American inventors' devices for warfare and make proper compensation for useful inventions.

Our country should encourage factories built especially for our national defense. The Bridgeport submarine is one. Therefore I do not hesitate to ask Congress to continue the 1916 program for submarines, so that this plant and organization can be kept together for any possible Government need.

Yours, respectfully,

SIMON LAKE.

EMERGENCY TARIFF.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 2435) imposing temporary duties upon certain agricultural products to meet present emergencies, and to provide revenue; to regulate commerce with foreign countries; to prevent the dumping of foreign merchandise on the markets of the United States; to regulate the value of foreign money; and for other purposes.

Mr. KELLOGG. Mr. President, it has been said on the other side of the Chamber several times that no one on this side of the Chamber is discussing or defending the emergency tariff bill. The principal reason is they have not had any chance. The Democrats, as usual, have done all the talking and have taken practically all the time. It is touching to notice the tender solicitude of Democratic Senators, especially the Senator from Mississippi [Mr. HARRISON], for the interests of the farmer, suggesting all sorts of things that he has not asked for and does not want but opposing one of the particular things that he does ask for. There is no use making any pretense; everyone knows that the Democratic Party is opposed to protection for the farmer. The farmers understand it, and they are not going to be fooled by all this talk such as the Senator from Mississippi and the Senator from Montana [Mr. WALSH] have indulged in.

Mr. HARRISON. Mr. President—

Mr. KELLOGG. I can not yield, because my time is very short.

Mr. HARRISON. The Senator has referred to the Senator from Mississippi.

Mr. KELLOGG. The Senator from Mississippi has taken two or three days discussing the matter, and I decline to yield.

The facts are that prior to the coming into power of the Democratic Party in 1912 nearly all the farm products produced by the farmer were protected. I have a list here which I ask to have placed in the RECORD, covering wheat, wheat flour, corn, cattle, sheep, potatoes, butter, cheese, milk, and cream.

The VICE PRESIDENT. Without objection, the list will be printed as requested.

The list referred to is as follows:

Comparison of duties between emergency bill and the Payne-Aldrich bill.

	Emergency.	Payne-Aldrich.
Wheat flour.....	35 cents per bushel.....	25 cents.
Corn.....	20 per cent ad valorem.....	25 per cent.
Cattle.....	15 cents per bushel.....	15 cents.
Sheep, 1 year old.....	30 per cent ad valorem.....	27 1/2 per cent.
Sheep, less.....	\$2 per head.....	\$1.50.
Potatoes.....	\$1 per head.....	75 cents.
Butter.....	25 cents per bushel.....	25 cents.
Cheese.....	6 cents per pound.....	6 cents.
Milk.....	25 per cent ad valorem.....	6 cents.
Cream.....	2 cents per gallon.....	2 cents.
	5 cents per gallon.....	5 cents.

Mr. KELLOGG. Immediately when the Democratic Party came into power—and there is no use mincing words about it—a party obtained control which did not come from the States that produce the great staple products that furnish the food for the American people. They wrote the tariff for the Northern States and the Western States, which do produce all the great agricultural products, and they put all such products on the free list. All that the farmer asks is that he be treated the same as other industries.

The Senator from Montana said that he was opposed to special legislation in favor of a class. The special legislation occurred in 1913, when the Democratic Party discriminated against the farmer. Now they are talking about special legislation in favor of certain interests. All we ask is that in the enactment of tariff legislation the industry of the farmer shall receive the same degree of protection as other industries receive.

The Senator from Mississippi [Mr. HARRISON] discoursed eloquently about the wonderful prosperity of this country between 1912 and 1913, the years of the Democratic administration; he said it was a great period; that it is good to think about it; that it was a time when our country blossomed in prosperity like the rose. He further said:

Why, sirs, it was during this period that our exports increased, from 1912 to 1920, approximately \$8,000,000,000. It was a period when the farmers received high prices for their products.

And so forth. Now let us see when our exports increased and what the reason was. The Democratic Party came into power in 1912. In 1913 it enacted a tariff for revenue purposes only, tintured with free trade; it placed upon the free list the principal products of the farm, which had theretofore received a reasonable protection, and it also greatly reduced tariff rates generally. I am not saying that some of those rates should not have been reduced, but let us see what became of our foreign trade about which the Senator from Mississippi so eloquently discoursed.

In 1913 our exports were \$2,465,884,149. The year 1913 was the year in which the Democratic tariff bill was passed. The next year our exports dropped to \$2,364,579,148, or substantially \$100,000,000, and the balance of trade in favor of the United States dropped from \$652,000,000, in round numbers, to \$470,000,000.

Everyone knows that but for the World War our foreign commerce would have continued to decrease because of imports under the Underwood tariff. We were facing hard times, and we were actually suffering hard times, as the Senator knows, when the war came on, when we enormously increased our exports, and prices increased accordingly. The increase of exports was due to the war, because foreign countries were obliged to purchase in American markets. They could not get the products they required elsewhere. We now have hard times, and we are still operating under the Underwood Tariff Act.

Mr. President, what else occurred the moment the tariff on agricultural products was changed in favor of the free-trade tariff for revenue only theory of our friends on the other side? In 1912 only 47.47 per cent of our imports from Canada came into the United States free of duty; in 1914, the year after the Underwood law was passed, 80.97 per cent of the imports from Canada came in free of duty; and in 1919 88.73 per cent of the imports from that country came in free of duty. What does Canada principally produce? Agricultural products, the same as we do.

Mr. President, the Senator from Montana [Mr. WALSH] and other Senators argue that because we produce a surplus of agricultural products, which must be sold in foreign markets,

therefore there should be no protection, because the price is made abroad. That is the same old argument that has always been advanced against any kind of protection. We also produce a surplus of manufactured products, which must seek their market in foreign countries, and yet it has been the policy of the Republican Party to give reasonable protection to the American manufacturing industry. Why should not the farmer for his products have the same protection in his domestic market, which is his principal market, that other industries have? I see no reason why he should not. His is the basic industry of the United States.

Now, let me give the Senate facts as to the importation of agricultural products, especially wheat from Canada. Of course, during the World War the wheat trade in Canada and the United States was in the hands of the respective Governments; the Government of Canada and Great Britain handled the Canadian crop for the benefit of England and of the allied forces, and the Government of the United States handled the American crop, and during the war there could not be and was no importation of any importance of Canadian wheat, flour, and other products into the United States. However, when the war closed the duty on wheat was taken off—on the 1st of September of last year. As Senators will remember, there was a duty on wheat imported from Canada or from any other country to the United States, to be removed when Canada or any other exporting country should take off the duty on wheat to be imported from the United States. So the importation of Canadian wheat became free on the 1st of September last.

Now, let us see what occurred in the next few months. During the last four months of 1920—September, October, November, and December—there were imported into the United States either in wheat, or the equivalent of wheat in flour, 35,074,676 bushels, and in the first three months of the present year 14,267,095 bushels, making substantially forty-nine and a quarter million bushels. If we produce a surplus, as we do, will the Senator tell me what that wheat was sent to the United States for, if it did not affect the American price and the American market? Of course it did. That grain was not sent to the United States simply to be shipped through to foreign countries. In addition to the 49,000,000 bushels imported since the 1st of last September, 41,000,000 bushels were shipped through the United States over the United States railways and waterways to foreign countries, making in the neighborhood of a little over 90,000,000 bushels of Canadian grain. Of course, the 41,000,000 bushels were simply shipped through and did not come in competition in the American market with American grain. That is perfectly fair to say. It was shipped through, the same as a large amount of Canadian grain is always shipped through, in bond, and it always will be, because of the facilities for handling it in the United States; but practically 50,000,000 bushels since last September came in here for domestic use and consumption in competition with American wheat.

Mr. SIMMONS. Mr. President, will the Senator yield to me for a moment?

Mr. KELLOGG. I will yield for a question, although my time is very short.

Mr. SIMMONS. I shall not attempt to do anything except to make a statement that I think is proper in order to throw some light on what the Senator has said. I think he has the figures somewhat confused, but I am not sure about that. Does the Senator include in the statement he is now making flour as well as wheat?

Mr. KELLOGG. Yes; I stated that the figures include wheat and the equivalent of wheat in flour.

Mr. SIMMONS. I wish to say to the Senator that my recollection is that the official statistics published by the Government show that during the eight months of the present fiscal year ending the 28th day of February only 41,000,000 bushels of wheat were imported into this country; that during the first two months of those eight months 39,000,000 bushels of wheat were exported; that during the whole period of the eight months 209,000,000 bushels of wheat were exported; that there was within 2,000,000 bushels as much exported in two months as were imported during the whole eight months; and that there was five times as much exported during the eight months as were imported during the eight months.

Mr. KELLOGG. Mr. President—

Mr. SIMMONS. If the Senator will pardon me, I simply wish to say that I recognize the fact that we have very little time for Senators to speak to-day, and it will be improper to interrupt them, so I am not going to interrupt the Senator any more.

Mr. KELLOGG. I thank the Senator. I will place in the RECORD at the end of my remarks the statement by the Bureau of Markets, given to me within the last few days, which includes the exports and imports, and a letter explaining them, for each month of 1920 and for the months of January, February,

and March, 1921. I think the Senator will find those figures to be accurate. As the Senator from Massachusetts [Mr. WALSH] stated yesterday that during that time there were about 49,000,000 bushels imported into the United States. He was correct. The fact is that much of the grain passed through the United States, as I said a few moments ago. In addition to the 49,000,000 bushels, 41,000,000 bushels went through the United States to foreign countries. We shipped considerable grain in the summer time through Canadian ports, and I think during that time there was shipped—

Mr. SIMMONS. Mr. President, I want to say that the figures I gave a little while ago were reported by the department as covering only wheat imported into this country and consumed in the country, not wheat that passes through in transit to Europe.

Mr. KELLOGG. I gave the figures separately. There was during 1920 a little over 14,000,000 bushels exported to Canada, but, as the statistics show, practically all of it—all except 175,816 bushels—was simply shipped through Canadian ports to Europe. Now, we ship through the Welland Canal and through the port of Montreal during the summer time a good deal of grain. Canada ships a great deal of grain through Portland, New York, Boston, and down the Lakes, and by American railways, directly through to European countries; but I have given the figures as to the importation of wheat into the United States for domestic consumption since last September of over 49,000,000 bushels which came into competition with American-produced wheat.

Now, let me explain another proposition why that is very important. I am anxious to maintain the great milling industry, and some of the principal millers of my State are in favor of a tariff. They want a reasonable opportunity to mill in bond, which they always have had and always will have. The high-grade spring wheat of Minnesota, North and South Dakota, and Montana always sells in the market in Minneapolis and Duluth for a higher price, without considering the railroad transportation or Lake transportation to Chicago, than in the Chicago market. That high-grade spring wheat sells at a premium. Why? Because the mills need it for manufacture to mix with lower grade grains and winter grains.

The fact is that if that grain can be shipped in free from Canada, this bonus price, as it may be called, or this high price for cash wheat for milling purposes, disappears. That is peculiar to the spring-wheat district. Everybody realizes that it is more expensive, more hazardous, to raise spring wheat than to raise winter wheat. The spring-wheat crop is subject to more uncertainties of weather and diseases which affect grain-growing States, because it matures so late in the season. It is more expensive to raise. It is more valuable for milling purposes. Spring wheat is raised entirely in Canada, and practically entirely in Minnesota, North and South Dakota, and Montana.

I have produced the statement of the Bureau of Markets, made within the last few weeks, in which the Bureau of Markets states that on grain and meat products and various other products the American farmer needs protection; that these particular imported products which come into competition with the farmer of the Northwest are produced in countries where land and labor are cheaper than in the United States. That is stated by the Bureau of Markets. Of course, I do not claim that there is any great difference between the price of labor in Canada and the price of labor in the United States; but there is an enormous difference between the price of the free virgin soil of Canada and the land in Minnesota and North and South Dakota, which sells for \$75 or \$100 an acre and which has been producing wheat for a great many years and needs fertilization. In the Argentine, where wheat and corn come into competition with the wheat and corn of the United States, labor is very cheap and land is very cheap; and I might go on and say the same thing as to other countries.

Take the subject of meats. I am not going into the details of this schedule, because I have not the time. The Senate will find on page 9 of the report of the House committee a statement by the Bureau of Markets, Department of Agriculture, as to the necessity of a tariff on meat products. If I had the time I would read this statement; but I ask permission to insert a part of this page at the end of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KELLOGG. Among other things, however, permit me to read a few sentences:

There is a great surplus supply of meats and meat products in the United States, and prices of live stock have been driven to a decline much more rapid than the decline in cost of production, while imports of meats have further depressed the market. This constitutes a menace to the live-stock industry. Live-stock operations (before the war frequently precarious and unprofitable) did not during the war build up a reserve of profits sufficient to offset the present losses due to the current marketing of war stimulated production at less than its cost.

Then the Bureau of Markets, a Government agency, proceeds to give these statistics, and says:

On the other hand, following the putting of meat on the free list in 1913, imports began a rapid development, which was cut off only by the war, and in 1919-20 show a marked tendency to resume. These facts need to be considered in conjunction with the fact that the Chicago packers control from 50 to 60 per cent of the meats shipped from South America to world markets. With our exports practically no greater than in 1910 and with a strong potentiality for increase of imports, the American farmers urgently need protection for their cattle and sheep products. Imports of mutton and lamb for the years 1917-1919 averaged about 6,000,000 pounds; in 1920 they were 100,000,000 pounds, and had a far more depressing effect on sheep and lamb prices than on consumers' prices of the products.

Mr. SHEPPARD. Mr. President, will the Senator give the date of that report?

Mr. KELLOGG. It was made some time during this session, because it quotes the importations and prices for 1920, and it is contained in the House report on the emergency tariff bill, which was made April 13, 1921.

I have not the time to discuss the details stated in this report. It treats of the subject of wheat and dairy products, and states that the farmers of the United States are sorely in need of a reasonable protection for their products.

Mr. President, I know it is not necessary to state the importance of agricultural industry in the United States, or anywhere else, for that matter. It is the basic industry which supports the great fabric of prosperity and progress in this country. Oh, you may say that that is the old statement, but it is true. It lies at the very foundation of the wonderful growth and development of this country. What is the tendency of the times? The tendency of the times is a decrease from year to year in the percentage of the agricultural population as compared with the population in the cities. Everyone knows it and deprecates it, and is searching in the dark for a remedy. When we view the fact that since the War of the Rebellion the farm population has decreased from 75 per cent to less than 33 per cent, and the percentage of agricultural production to the demands of the people of this country is decreasing year by year, we begin to realize what it means to the prosperity and the development of this Nation.

You can not make men farm where there is no 8-hour day and no easy road to wealth and prosperity unless the farming is reasonably profitable. The life in the cities, with high pay and easy money which has been made during the wonderful development of the last 25 or 30 years, is more attractive than that on the farm. I know whereof I speak; and is the time coming when the 33 per cent of agricultural population will dwindle to 25 or 15 per cent, and the people will refuse to cultivate the land to support the millions of people in the cities, many of them idle?

We might just as well face the problem. We have to encourage the development of agriculture in this country in some way. The failure of agriculture has brought disaster to many a nation. It nearly wrecked Great Britain. The nation draws the streams of vitality from the farm, and not from the teeming millions in the cities.

Show me a nation where agriculture is prosperous, where the farmers are independent, where they are proprietors, with all that goes with proprietorship and ownership, and I will show you a progressive, enlightened people. Show me a nation where agriculture is declining, and I will show you a decadent nation. That has been the history of the world since history has been written.

What enabled France to go through the greatest war ever recorded? The fact that her people are farmers, proprietors, owning and living upon the land. It was a sturdy force of defense, which could not be overcome.

Mr. President, I read with a great deal of amusement the minority report by Mr. KITCHIN on the emergency tariff bill. He started out by saying:

The policies and principles advocated by the Democratic Party and inspiring the continued maintenance of its organization for nearly 100 years forbid our approval of the pending bill, and impel us to vigorously protest against its passage.

That is all there is in it. The tariff, in the minds of the Democratic Party, is not an economic issue; it is a tradition, a moth-eaten, hackneyed tradition, which the people of the South are trying to get rid of. I hold in my hand a memorial of the Southern Tariff Association, signed by hundreds of industries throughout all the Southern States, petitioning Congress to give the South the reasonable protection which her industries ought to have. The governors of the South, in meeting in Georgia, passed a resolution in favor of reasonable protection. But it contravenes the traditions and the history of the Democratic Party.

Mr. WATSON of Georgia. Mr. President, will the Senator allow me to ask him which governor of Georgia that was?

Mr. KELLOGG. I said the governors of the South at a meeting in Georgia. I did not say the governor of Georgia. I think the Senator misunderstood me.

Mr. WATSON of Georgia. I thought the Senator said the governor of Georgia, and I was desirous of knowing which governor of Georgia it was.

Mr. KELLOGG. I did not say the governor of Georgia at all. I said some of the governors of the South, or many of them, at a meeting in Georgia.

Mr. President, I think if anyone will read the minority report made by Mr. KITCHIN he will find that it is living entirely in the past. It reiterates all of the stock arguments which have been the property of that party, as Mr. KITCHIN says, for a hundred years. Yet it is reasonable protection which has made this country a great industrial Nation.

What did Mr. KITCHIN say?

We take this opportunity to reassure the Democracy of the Nation that the Democrats in Congress will take no back track on the tariff.

We do not expect that.

To us Republican protection is no better now than when the Tilden platform of 1876 denounced it "as a masterpiece of injustice, inequality, and false pretense." It is no better now than when the Cleveland platform of 1892 denounced it as "a fraud—a robbery of the great majority of the American people for the benefit of a few."

We all remember what became of the Democratic Party under the administration of Mr. Cleveland and the Wilson tariff bill. It brought on a panic in this country and a depression, which drove the party out of power for nearly 20 years.

Mr. SIMMONS. I hope the Senator, in recalling the Cleveland administration in this connection, will also remember the last Republican administration in connection with the Payne-Aldrich bill.

Mr. KELLOGG. Mr. KITCHIN said further:

It is no better now than when the Parker platform of 1904 denounced it as "a robbery of the many to enrich the few."

What became of Mr. Parker and his party? They disappeared for another term of years.

Mr. President, I am not in favor of building a tariff wall around the United States, shutting out trade with foreign countries, or building up monopolies under such a tariff wall. I favored the revision and reduction of the tariff in 1908. I was a member of the Republican convention in that year, and on the subcommittee which drew the platform in favor of it; and I shall again favor the reduction of duties whenever I believe they are approaching a degree injurious to the welfare of the great mass of the American people.

A tariff for revenue only is the policy, when tinctured with free trade, of the Democratic Party; in other words, to get the most revenue out of the tariff, irrespective of whether it hurts or helps American industry.

We on this side do not believe in it. Of course, we believe that we must have revenue, and it is proper to get it from tariff duties; but the tariff duties should be fixed at such a figure that not only will they produce some revenue but will afford a reasonable protection to American industries in competition with the industries of the world. And I do not know

of any reason why the greatest industry in this country, the industry which lies at the foundation of all other industries, the industry which it is necessary to maintain if we are going to maintain the prosperity, yes, the progress, of the people of the United States, should not share in that protection.

I do not claim that this bill is perfect. There are other items which I think should be placed in the bill. There are some changes which I think should be made in the bill. I know there are other industries which deserve and should have protection. Even President Wilson came to Congress with a message asking for additional protection. I believe there are industries which need protection which this bill does not give them. But this bill is to be enacted for the purpose of giving the farmer his reasonable share of protection which the Democratic Party took away from him in 1913.

Mr. President, believing as I do, that the farming industry should be encouraged; that it will not unduly add to the cost of living; that it will help to encourage the farmer, who sorely needs help to-day, I shall vote for this bill.

APPENDIX A.

1. There is a great surplus supply of meats and meat products in the United States, and prices of live stock have been driven to a decline much more rapid than the decline in cost of production while imports of meats have further depressed the market. This constitutes a menace to the live-stock industry. Live-stock operations (before the war frequently precarious and unprofitable) did not during the war build up a reserve of profits sufficient to offset the present losses due to the current marketing of war stimulated production at less than its cost.

2. Chicago market live-stock prices in February, 1921, reached index figures, ranging from 104 to 111 (based on 1913), while general commodities were 167 and manufactured articles 230. Allowing for increased freight to the market, farm prices of live stock are practically at or below prewar levels. The price drop has been so rapid that the value of animals in many cases is now less than the amount of loans secured by them, wiping out the grower's equity entirely.

3. During the war the United States exported large quantities of meats and imported little, but it would be fallacious to suppose that this points to no need of, or benefit from, an import tariff. The history of exports and imports is clearly against such an assumption. Excluding pork, our exports of meat averaged 397,000,000 pounds from 1900 to 1907. From 1910 to 1914 they averaged only 75,000,000; from 1915 to 1919 they jumped to 397,000,000; but in 1920 fell to only 144,000,000. On the other hand, following the putting of meat on the free list in 1913, imports began a rapid development, which was cut off only by the war, and in 1919-20 show a marked tendency to resume. These facts need to be considered in conjunction with the fact that the Chicago packers control from 50 to 60 per cent of the meats shipped from South America to world markets. With our exports practically no greater than in 1910, and with a strong potentiality for increase of imports, the American farmers urgently need protection for their cattle and sheep products. Imports of mutton and lamb for the years 1917-1919 averaged about 6,000,000 pounds; in 1920 they were 100,000,000 pounds and had a far more depressing effect on sheep and lamb prices than on consumers' prices of the products.

4. It is generally recognized that the countries from which our imports of beef and mutton principally come have much lower costs of production than we. The principal difference is due, it is understood, to our higher labor costs. There has been for years a combination of American, British, and Argentine packing interests controlling South American exports of meat. In the absence of a tariff this situation is a menace to the American live-stock producer.

5. The future of our food supply is involved in this whole situation. The supply of meat animals is not keeping pace with the population, and present conditions unless speedily remedied will cause a serious degree of abandonment of the live-stock industry.

APPENDIX B.

Trade in wheat, including flour, between the United States and Canada, 1920-21.

[Statement prepared by Foreign Markets Service, Bureau of Markets.]

Months.	Wheat.		Wheat flour.		Wheat flour (in terms of wheat).		Total wheat (including flour).	
	Imported from Canada.	Exported to Canada.	Imported from Canada.	Exported to Canada.	Imported from Canada.	Exported to Canada.	Imported from Canada.	Exported to Canada.
1920.	Bushels.	Bushels.	Barrels.	Barrels.	Bushels.	Bushels.	Bushels.	Bushels.
January.....	753,324	40	27,472	2,750	133,624	12,375	876,948	12,415
February.....	534,635	8,208	19,914	1,108	89,613	4,986	624,248	13,194
March.....	526,752	6,777	11,524	2,090	51,858	12,132	578,610	13,979
April.....	50,225	9,721	21,478	1,413	96,651	6,359	146,873	16,080
May.....	410,155	3,903,999	30,940	2,811	94,240	12,649	504,385	3,916,645
June.....	124,137	3,011,107	39,283	1,254	176,774	5,643	300,911	3,016,750
July.....	36,798	1,973,502	26,326	2,889	118,467	13,001	155,265	1,988,513
August.....	170,274	3,853,597	17,861	2,657	80,375	11,957	250,649	3,865,551
September.....	1,342,383	608,809	14,299	1,694	64,345	7,641	1,906,728	616,450
October.....	9,800,438	613,561	163,312	2,395	734,904	10,777	10,535,342	624,378
November.....	9,522,578	811,624	201,666	2,518	907,497	11,331	10,430,075	822,935
December.....	11,185,112	10,727	226,093	1,061	1,017,419	4,775	12,202,531	15,502
Total, 1920.....	34,956,811	14,811,672	790,168	25,250	3,555,757	113,626	38,512,568	14,925,298
1921.	Bushels.	Bushels.	Barrels.	Barrels.	Bushels.	Bushels.	Bushels.	Bushels.
January.....	4,504,856	110,317	220,436	1,890	991,962	8,546	5,496,818	118,883
February.....	4,403,710	125,193	202,324	3,571	910,458	10,070	5,314,168	141,263
March.....	2,671,043	139,223	174,459	3,789	785,060	17,050	3,456,109	156,273
Total three months, 1921.....	11,579,609	374,733	597,219	9,250	2,687,480	41,666	14,267,095	416,399

Source: Foreign Trade of the United States, Bureau of Foreign and Domestic Commerce.

Total wheat (including flour) during September, October, November, and December, 1920=35,074,676 bushels imported from Canada, 2,070,245 bushels exported to Canada.

APPENDIX C.

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF MARKETS,
Washington, D. C., May 3, 1921.

Hon. FRANK B. KELLOGG,
United States Senate.

DEAR SENATOR KELLOGG: In response to the telephone request from your office yesterday, I take pleasure in transmitting to you herewith a statement prepared by the Foreign Markets Service of this bureau, showing the imports and exports of wheat and wheat flour between the United States and Canada during the calendar year 1920 and for the first three months of the present calendar year. These figures are based upon the official trade statistics compiled by the Bureau of Foreign and Domestic Commerce. I may add by way of explanation that the greater part of the wheat shown as having been exported from the United States to Canada (14,811,672 bushels in 1920) was merely shipped through Canada for export to Europe. This statement is borne out by the trade statistics published by the Canadian Government, which show that only 175,816 bushels of American wheat was imported into Canada and entered for consumption during the first 10 months of the last calendar year.

You may also be interested in knowing that in addition to the wheat imported into the United States from Canada and entered for domestic consumption, some 41,000,000 bushels of Canadian wheat was shipped through the United States in bond for export to foreign countries. These bonded shipments are not included in the official trade statistics of the United States, either as imports or exports, but are reported separately as transit shipments through this country.

In addition to the bonded shipments mentioned above, a small quantity of Canadian wheat (365,315 bushels) was reexported during the period from July 1, 1920, up to and including March 31, 1921. No doubt some of the wheat that was entered for consumption also left the ports of this country, either in the state in which it was received or mixed with American wheat and exported as such. Other quantities also, no doubt, left the country in the form of American flour. There is, however, no means of ascertaining the actual quantity of Canadian grain which has been exported from the United States in this manner, since Canadian wheat loses its identity once it reaches our markets.

I am also sending you herewith as of possible interest in this connection a copy of the Market Reporter for March 12, 1921, in which you will find (p. 171) a statistical analysis of the wheat trade between the United States and Canada. The figures I have quoted above on the trade between the United States and Canada are for wheat only and do not include wheat flour, which are shown, however, in the statistical table which is being forwarded to you herewith.

Very truly, yours,

GEORGE LIVINGSTON,
Chief of Bureau.

Mr. NEW. Mr. President, I rise to urge the adoption of an amendment which I submitted a few days ago, which was printed and is on the table. The reason for the amendment is found in a circumstance to which I referred when a similar bill was under discussion in this body last year. It seeks to protect the airplane-manufacturing industry of this country against the most unusual form of competition which I think any business organization has ever had to face. The circumstance to which I referred was, that about a year ago the British Government made a contract with a company known as the Aircraft Disposal Co., the purpose of which was to sell in other countries all the surplus airplanes which had been made in Great Britain during and after the war.

It is a well-known fact that during the war Great Britain manufactured a great many airplanes. Like ourselves, they built up an industry for the manufacture of planes, but, unlike us, they continued to manufacture planes under contract with companies which had been formed for their production for several months after the armistice was signed, whereas we quit it absolutely with the signing of the armistice.

The result was that Great Britain found herself with a very large number of surplus planes a year after the war. The British Government sold to the Aircraft Disposal Co. for \$5,000,000 planes which cost them over \$500,000,000 to manufacture, or for just 1 per cent of what it cost the British Government to make them.

Under the other terms of the contract the planes were to be sold not in Great Britain, that being expressly excluded, but in any foreign country. A contract was made with people in the United States to bring them over here and sell them, and quite a large number of them were brought to the United States. It can be very easily seen how that sort of thing furnishes competition against which no manufacturing enterprise can possibly stand.

A further feature of that contract was that the Aircraft Disposal Co. and its American agents might sell the planes at whatever figure they could get. No price was fixed upon them. The cost to that company was the 1 per cent of the cost of manufacture in England plus freight to this country and such little overhead as might be required to furnish selling machinery. If an American manufacturer put his plane on the market at a cost to him, say, of \$5,000, he had in competition with him a plane which cost only 1 per cent of the \$5,000 plus freight and overhead.

If he offered his machine at the bare cost to him of \$5,000, he had to meet the competition of the man who came in here with the foreign plane and who said, "I will take \$500 for

mine," and he could sell it at \$500 and make a profit for himself.

Under an additional feature of the contract one-half of the profits he got for his plane went to the British Government. That is where the British Government came in. If the plane was sold for \$500, the man who sold it, the agent here, took one half of the profit himself—that is, what he got for it over the 1 per cent of cost of manufacture which he paid the British Government and the freight—and the other half went to the British Government.

I think if Senators will stop to think of all the features of the competition I have described, they will agree with me that it is no competition at all, and that no manufacturing enterprise that ever was or ever can be created can stand against that sort of condition of rate cutting.

I am urging the amendment not in the interest of any manufacturing enterprise, not even in the interest of an industry from a commercial standpoint. The amendment is on all fours with one presented the other day by the Senator from Pennsylvania [Mr. Knox] with reference to the dye industry. It has to do directly with the maintenance of the national defense. We positively must have in this country an industry for the production of airplanes. There is no one agency of war to-day that is so necessary to the national defense as the aircraft industry. It is not necessary, and I have not the time if it were, to refer to our experiences here during the war. We all know they were tremendously expensive, and that at the best they were not very flattering.

Mr. SIMMONS. Mr. President—

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from North Carolina?

Mr. NEW. I believe we are now operating under the unanimous-consent agreement, in which case I have but 10 minutes.

Mr. SIMMONS. I merely wish to ask the Senator one question.

Mr. NEW. I yield for an inquiry.

Mr. SIMMONS. I wish to ask the Senator if it is his understanding that airplanes are now or have at any time since the armistice been exported from abroad into this country and sold here at less than the price of airplanes in the country of origin?

Mr. NEW. Yes; that has happened.

Mr. SIMMONS. Then there has been dumping of airplanes?

Mr. NEW. There positively has been.

Mr. SIMMONS. The Senator will remember that there was a contention here a few days ago in a colloquy in which I participated with the Senator from North Dakota [Mr. McCUMBER] that there was no dumping of airplanes.

Mr. NEW. If the Senator will permit me, I wish to say a word on that point. Hundreds of those planes were shipped from Great Britain to the United States for sale in this country. They were not put upon the market for one reason only, and that was because the American manufacturers appealed to the United States court, their appeal to Congress having failed, on the ground that the British planes are based upon an American patent, and the United States courts held very justly, I think, that they did infringe upon that patent. Some of those airplanes are to-day in bonded warehouses at eastern ports ready to be put upon the market here at any figure that their American owners can get for them the moment the temporary injunction shall be dissolved, if it ever is.

I would not urge this amendment if I felt that the provision already in the bill intended or designed to prevent dumping covered this case, but it does not cover it; it does not touch it at any point. That provision bases the inhibition against importations and dumping upon the cost of production of an article abroad, whereas Senators can see at once from what I have said that the airplanes are not brought in here and sold with any reference whatever to the cost of their production abroad. They are sold at just whatever an American purchaser can be induced to pay. If it is 10 per cent of the cost of production, well and good. If it is 20 per cent, that much better, but it can be sold at 5 per cent of the actual cost of production, and yet, presumably at least, yield to the man who sells it something in the way of a profit.

I have sought to make clear, in the very brief time that I have had to present the subject, that the reason for the proposed amendment is not to protect somebody's business, but that it is to preserve in this country the nucleus, at least, of an industry which can be relied upon to produce aircraft in case of an emergency, in order that we may not be left exactly where we were in 1917 when we went into the war. No man is going to invest money in a plant intended for the construction of aircraft when he sees immediately before him somebody else producing the

thing into which he is proposing to put his money who will offer the product at a ruinous percentage of what it will cost him to produce it. It marks, in my judgment, the abandonment of the little that is left of the aircraft industry in the United States if it has to face that sort of competition. It is for that reason, as I have said, for the protection of an industry here which is vitally necessary to the national defense, that I am urging the adoption of the amendment.

Mr. PENROSE. Mr. President, this amendment was considered at the last moment by the Committee on Finance and was thought to be highly indefensible and undesirable. The only user or purchaser of airplanes is the Government, and there is no industry to amount to anything in the United States, properly so called, making airplanes. It can not be a subject of competition. Even if there should be private enterprise enlisted, it must be largely a monopoly furnishing the product to the Government. To attempt to tax the Government of the United States several hundred million dollars for fostering an alleged American industry which is nonexistent, if the American Government can go to England and get English airplanes for a few million dollars, seems utterly indefensible. From whatever angle it is looked at the proposition does not seem to permit of any favorable argument.

Mr. NEW. Mr. President, will the Senator yield a moment?

Mr. PENROSE. Certainly.

Mr. NEW. I can only express my surprise at the statement made by the Senator from Pennsylvania that there is no airplane industry in this country. There are now about 20 concerns in the United States that are making aircraft or aircraft parts. They produced last year in the United States about 100 planes. There is a commercial demand for airplanes, and it is growing, but it is being met by the sale here of made-over planes of foreign manufacture, which are really based originally upon American patents.

Mr. PENROSE. I am not informed as to how many concerns may be assembling airplanes. That there are 20 concerns, and it may be a great many more, that make parts of airplanes, I have no doubt. I have yet to discover that airplanes are in general use. Certainly they are not yet used for pleasure like the automobile or for carrying garden truck or farm products. The Post Office Department, the War Department, and the Navy Department seem to be the only branches of the Government using airplanes. The committee were unanimous in the decision with reference to this amendment as being entirely indefensible.

Mr. HARRISON. Mr. President, I suppose we are not going to vote on the amendment now, or is it the intention to vote on it at this time?

Mr. NEW. No; it is not.

Mr. HARRISON. I desire to offer an amendment and have it pending.

Mr. PENROSE. I think the Senate ought to know what is the ruling or interpretation under the unanimous-consent agreement. Is each amendment to be voted on when the proposer is through defending it and no one remains to oppose it? Why should they not be disposed of now? I do not care what procedure is adopted, but I should like to know what it is to be.

Mr. SIMMONS. If at this stage during the period of time reserved for discussion of the bill and amendments between 12 and 3 we are to debate and vote on the amendments pending it would very greatly restrict the opportunity of Senators to debate the amendments that are hereafter to be voted upon. I think a fair interpretation of the rule, which is intended to give opportunity to discuss every amendment that is going to be voted upon, would be to not vote on the amendments, but simply to discuss them preparatory to voting upon them after 3 o'clock.

Mr. PENROSE. I think perhaps the construction of the Senator from North Carolina is the correct one. It will be entirely satisfactory to me.

Mr. HARRISON. Mr. President—

Mr. McCUMBER. Mr. President, I rise to a point of order.

The VICE PRESIDENT. The Senator from North Dakota will state the point of order.

Mr. McCUMBER. I ask if there was not a unanimous-consent agreement to take up the bill in the first instance for action on the committee amendment only, and to dispose of the committee amendment? That is generally the case, and I simply wish to know what the facts are.

The VICE PRESIDENT. The bill has been read and the amendment proposed by the committee has been read.

Mr. McCUMBER. My question is whether the committee amendment shall be first considered?

The VICE PRESIDENT. There is no agreement about that.

Mr. CURTIS. I understand there is but one committee amendment, and, of course, the amendments offered to that part of the bill will be amendments to the amendment of the committee.

Mr. REED. I hope that the ruling will not be made that we may not vote upon amendments before 3 o'clock.

The VICE PRESIDENT. The Chair has made no such ruling.

Mr. REED. No; the Chair has not made it, but the chairman of the Committee on Finance [Mr. PENROSE] said he had no objection to that understanding, and I understood the Senator from North Carolina [Mr. SIMMONS] to say that he thought it would be a very good thing if we did not vote until 3 o'clock.

Mr. SIMMONS. Unless the debate on amendments shall have been concluded.

Mr. REED. I did not want that to go by general consent, because I think the language of the unanimous-consent agreement is perfectly plain. Its statement is:

It is agreed by unanimous consent that at not later than 3 o'clock p. m., on the calendar day of Wednesday, May 11, 1921, the Senate will proceed to vote, without further debate, upon any amendment—

And so forth.

Clearly all we have agreed to do is to begin voting at 3 o'clock; but up to that time we shall be proceeding under the ordinary rules of the Senate. There are some amendments that I presume Senators wish to urge seriously. I have one that I desire to urge seriously, and I should like to have a vote on it when it can be discussed, and not have a vote after all opportunity for discussion shall have ceased.

Mr. SIMMONS. I have no objection whatsoever to the suggestion of the Senator from Missouri. I simply thought that probably three hours would not be more time than Senators would want to devote to the discussion of amendments, and if votes were being taken constantly during that period to that extent it would limit the opportunity of discussion.

Mr. REED. That is true.

Mr. PENROSE. So far as I am concerned, if the Senator will permit me, I shall cheerfully acquiesce in any procedure that will meet the convenience of Senators.

Mr. HARRISON. Mr. President—

Mr. JONES of New Mexico. I think I have the floor.

The VICE PRESIDENT. The Senator from Indiana has the floor.

Mr. NEW. I have concluded what I have to say, Mr. President.

The VICE PRESIDENT. Does the Chair understand that the Senator from Indiana has formally offered his amendment?

Mr. NEW. Yes.

The VICE PRESIDENT. The amendment proposed by the Senator from Indiana will be stated.

The ASSISTANT SECRETARY. It is proposed to add, on page 18, after line 24, a new subdivision, as follows:

(d) If it is established to the satisfaction of the appraising officers, under regulations established by the Secretary, that the foreign market value of airplanes, or airplane motors, parts, and accessories therefor, is wholly or partly based not upon cost of production or ordinary trade conditions of supply and demand but is based upon unusual excess stocks procured or accumulated through artificial or abnormal conditions, then the foreign market value of such airplanes or airplane motors, parts, or accessories for the purposes of this section shall not be less than the cost of production.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Indiana.

Mr. NEW. Mr. President, I ask for the yeas and nays on the amendment.

The VICE PRESIDENT. The yeas and nays are demanded. Is the demand sustained?

The yeas and nays were not ordered.

Mr. JONES of New Mexico. Mr. President, I thought I was recognized a while ago, and while I do not expect to speak on the amendment which has been proposed by the Senator from Indiana [Mr. NEW], I do feel that at some time before 3 o'clock I should make a statement in regard to an amendment which I have heretofore submitted to the bill. The amendment of the Senator from Indiana is to the committee amendment, and I suppose is in order at this time to be voted upon; but the amendment which I propose is not to the committee amendment, and therefore can not be voted upon until after the voting shall have been concluded on amendments to the committee amendment beginning at 3 o'clock, as I understand.

Mr. PENROSE. If the Senator will permit me, the amendment offered by the Senator from Indiana is not a committee amendment.

Mr. JONES of New Mexico. It is an amendment to the committee amendment.

Mr. PENROSE. But that is a different proposition.

Mr. JONES of New-Mexico. Yes. I think I stated that the amendment of the Senator from Indiana was an amendment to the committee amendment. I quite understand that the committee has never reported any such amendment as that now suggested by the Senator from Indiana. A day or two ago, however, I submitted an amendment imposing a duty upon hides. I intend now to modify my amendment, so as to include sheep pelts and goat skins, and also to change the amount of duty, which was previously provided for by the amendment.

I think our unanimous-consent agreement is rather ill-advised, and to such agreements I have heretofore interposed objection. I believe there should be an opportunity whenever an amendment is offered in any stage of the consideration of the bill to explain the amendment. I have so stated on numerous former occasions.

I do not like, however, to be persistent in opposing unanimous-consent agreements which prohibit discussion upon amendments at the time they are offered and preceding the time they are to be voted upon. There are comparatively few Senators now in the Chamber, and the various amendments which are offered here can not be explained so that Senators will understand them when the time for voting upon them arrives; but I expect, as best I can, to call to the attention of the few Senators who are present at this time the amendment which I propose to offer, which is, on page 3, after line 11, to insert the following:

Sheep pelts, goatskins, and hides of cattle, raw or uncurd, whether dry, salted, or pickled, 5 cents per pound and 15 per cent ad valorem: *Provided*, That upon all leather exported, made from imported hides, there shall be allowed a drawback equal to the amount of duty paid on such hides, to be paid under such regulations as the Secretary of the Treasury may prescribe.

I intend to offer that amendment in that form, and if it is voted down, as I feel quite sure it will be, then I propose to strike out the provision for a duty of 5 cents a pound and to leave only a duty of 15 per cent ad valorem. Fifteen per cent ad valorem was the duty placed upon hides in the Dingley bill; it is practically the lowest duty that is put upon any commodity, and, it seems to me, is a very modest duty to be put upon hides.

I realize that the question of the duty upon hides has been a mooted one in the Congress for many years, but at the last session, when we were considering the emergency tariff bill, we put a duty of 15 per cent ad valorem upon hides. That was stricken out in conference. Why it was stricken out I am unable to say; I do not know. I am sure I do not know why the House did not put a duty upon hides in this bill in the first instance before it was sent over to the Senate. I understand that there is a declared purpose to oppose any amendment to be offered to the tariff provisions of the pending bill; but I do not believe that is a wise attitude for the Senate to assume. It seems to me that we should consider all these questions upon their merits as they come up.

That there should be a duty upon hides in this emergency tariff bill there can be no doubt in the mind of anyone who is acquainted with the cattle and sheep industry. Hides at the present time are selling for 3 cents a pound. During the war, when shipping facilities were limited, there was an accumulation of hides in the other countries of the world, and now they are being brought into the United States and dumped on this market, so that hides which were bringing 30 and 40 cents a pound are now selling for 3 cents a pound, and in many cases there is no market for them at all. If we are going to protect any of the commodities produced in this country, I submit that there should be a duty placed upon hides.

I do not intend to discuss the general merits of the pending bill, but I do insist that if we are going to put a tariff upon the commodities embraced in the agricultural schedule of the bill we ought to put a tariff upon hides and pelts and goatskins. They are just as much entitled to protection and to consideration as any other commodity covered by the bill.

As I have said, I hope Senators will give careful consideration to this amendment and realize its importance to the live-stock interests of the country. If you want to protect the farmers of the country and the live-stock interests of the country, as you say you do, then why not go a step further and give some benefit to those who produce hides, who are now struggling and selling all of their products for much less than cost.

Mr. PENROSE. Mr. President, as I stated in the few remarks I made some days ago in explanation of this measure, it is deemed, after the most thorough discussion—as the Senator from New Mexico, as a member of the Committee on Finance, knows very well—utterly out of the question to attempt to amend the tariff features of the so-called emergency tariff bill. To open the door would simply result in a general effort to frame a permanent tariff measure, which might not be enacted until very late in the summer. This is an emergency bill; it

does not pretend to cover every case of merit which, perhaps, originally should have been included; and now to attempt to include all these meritorious cases is simply out of the question. If this emergency tariff bill is to be passed to last only six months, or until the permanent tariff bill becomes a law, it must be passed immediately. That is very well known.

Mr. SIMMONS. Mr. President, will the Senator yield?

Mr. PENROSE. Yes.

Mr. SIMMONS. In reference to this particular matter, as the Senator will recall, a duty was placed on hides by the last emergency tariff bill which passed the Senate.

Mr. PENROSE. Oh, Mr. President, I know that very well.

Mr. SIMMONS. Yes; but the Senator will not permit me to finish. That duty was stricken out only because a mistake was made in the compensatory duty.

Mr. PENROSE. Mr. President, these matters may be corrected at the day of judgment, but can not be corrected in the Senate at this time.

Mr. SIMMONS. The Senator, I think, knows that probably there would have been no serious objection in conference to the duty on hides if it had not been for that mistake.

Mr. PENROSE. I will tell the Senator—

Mr. SIMMONS. Why can not that mistake now be corrected and why can not this item be allowed to go in? It has as much merit and justice as any other item covered by the agricultural schedule of the bill.

Mr. PENROSE. Mr. President, I think the Senator, as leader of the minority, ought to endeavor to facilitate the passage of this measure instead of embarrassing it.

Mr. SIMMONS. I am not embarrassing it.

Mr. PENROSE. He knows that he is embarrassing and jeopardizing it by trying to open the door. Hides produced in the Southwest do not require his able championship, which ought to be directed more strictly to lumber and other products of the South, in connection with which we have always heard his eloquence with interest.

I wish to say again—and I mean it very positively—that I am fully assured, and I believe, that the majority conferees will never agree to any amendment to the tariff features of the pending bill. That some meritorious subjects may have been inadvertently left out of the measure, I take for granted.

I want to assure the Senator from New Mexico now that I have always advocated a duty on hides. It was with the greatest reluctance that, as a member of the Finance Committee in 1907, I acquiesced, at the earnest solicitation of President Taft, in dropping the duty from the Payne-Aldrich bill; but I will help the Senator when the permanent tariff bill comes along for consideration by this body, if hides are not provided for by the House bill, to put upon hides the Payne rate or any other rate that the Senator may deem necessary for the preservation of the hide industry as a by-product of the cattle business. The permanent tariff bill will be here, I hope, in a very few weeks, but the limitations of this bill are generally recognized, and the Senator is not doing his cause any good by taking up the time of the Senate now in a hopeless chase. His amendment commands my entire approval for insertion in the permanent tariff bill which we all hope will become a law early in the summer; and he will have my help for a duty on hides, as I have said, or on any other product of American industry that requires protection from unfair competition.

Mr. HARRISON. Mr. President, of course I know that most of these amendments will be rejected by the committee having the bill in charge; but I want to offer and have pending an amendment which I think will appeal to the fairness and the justice of the committee, that they will not oppose.

Under the antidumping provision of the bill, it is very likely that certain goods or articles that are now brought in free may have a tax imposed upon them, to the detriment of the farmer. This being a farmer's bill, or pretended to be such by the leaders on the other side, I am sure you want to help the farmers to purchase as cheaply as possible those things that they need in order to produce wheat and cotton and various farm products; so the amendment I propose is a proviso to the antidumping feature that will prevent a tariff being imposed on farm implements brought into this country. I am sure that it will appeal to the fairness of the other side of the aisle, and when you vote on it I hope you will vote for it.

I ask that the amendment may be read at this time.

The VICE PRESIDENT. The amendment can be read, but it can not yet be pending.

The ASSISTANT SECRETARY. On page 26, line 13, the Senator from Mississippi will propose the following amendment:

Provided, That the provisions of Title II of the pending bill shall not apply to barbed-wire fencing, plows, disk harrows, harvesters, reapers, agricultural drills, mowers, horse rakes, cultivators, thrashing machines, cotton gins, wagons, carts, sewing machines, fertilizers of every kind,

and elements from which fertilizers are manufactured, jute, binding twine, cotton bagging, and agricultural implements of every character, which are now on the free list, and when imported into the United States from any foreign country.

Mr. REED. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the inquiry.

Mr. REED. Does the Senator from Indiana [Mr. NEW] intend to ask for a vote on his amendment at this time, or to let it lie over?

Mr. NEW. I ask for a vote on it now, Mr. President.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Indiana to the amendment of the committee.

Mr. POMERENE. Mr. President, I ask to have the amendment stated. I came in just a moment ago.

Mr. NEW. I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. BORAH. I have just come into the Chamber. I ask to have the amendment stated.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. On page 18, it is proposed to insert a new subdivision, as follows:

(d) If it is established to the satisfaction of the appraising officers, under regulations established by the Secretary, that the foreign market value of airplanes, or airplane motors, parts, and accessories therefor, is wholly or partly based not upon cost of production or ordinary trade conditions of supply and demand, but is based upon unusual excess stocks procured or accumulated through artificial or abnormal conditions, then the foreign market value of such airplanes or airplane motors, parts, or accessories for the purposes of this section shall not be less than the cost of production.

Mr. BORAH. Mr. President, may I ask who determines all these questions?

Mr. NEW. The Board of Appraisers.

Mr. BORAH. I think there is a very serious legal proposition involved in this matter.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Indiana [Mr. NEW] to the amendment of the committee. The yeas and nays have been demanded and ordered. The Secretary will call the roll.

The Assistant Secretary proceeded to call the roll.

Mr. EDGE (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. OWEN]. In his absence, not having a transfer, I withhold my vote.

Mr. SWANSON (when his name was called). Has the senior Senator from Washington [Mr. JONES] voted?

The VICE PRESIDENT. He has not.

Mr. SWANSON. I have a pair with the Senator from Washington and therefore withhold my vote. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. HEFLIN. My colleague, the senior Senator from Alabama [Mr. UNDERWOOD], is unavoidably absent on account of death in his family. I ask that this announcement may stand for the day. On this question he is paired with the Senator from Massachusetts [Mr. LODGE], and if present would vote "nay."

Mr. WOLCOTT (after having voted in the negative). I inquire if the Senator from Indiana [Mr. WATSON] has voted?

The VICE PRESIDENT. He has not voted.

Mr. WOLCOTT. I voted under a misapprehension. I transfer the general pair I have with that Senator to the Senator from Nevada [Mr. PITTMAN] and will let my vote stand.

Mr. CURTIS. I have been requested to announce the following pairs:

The Senator from Connecticut [Mr. MCLEAN] with the Senator from Montana [Mr. MYERS] and

The Senator from West Virginia [Mr. SUTHERLAND] with the Senator from Arkansas [Mr. ROBINSON].

The result was announced—yeas 10, nays 64, as follows:

YEAS—10.

Dillingham	Moses	Poindexter	Wadsworth
Harreld	New	Shortridge	Willis
Keyes	Newberry		

NAYS—64.

Ashurst	Frelinghuysen	McCumber	Shields
Ball	Glass	McKellar	Simmons
Borah	Gooding	McKinley	Smith
Broussard	Hale	McNary	Smoot
Bursum	Harris	Nelson	Stanfield
Calder	Harrison	Nicholson	Stanley
Cameron	Healin	Norris	Sterling
Capper	Hitchcock	Oddie	Townsend
Colt	Jones, N. Mex.	Overman	Trammell
Culberson	Kellogg	Penrose	Walsh, Mass.
Cummins	Kendrick	Phipps	Walsh, Mont.
Curtis	Kenyon	Pomerene	Warren
Ernst	King	Ransdell	Watson, Ga.
Fernald	La Follette	Reed	Weller
Fletcher	Lenroot	Robinson	Williams
France	McCormick	Sheppard	Wolcott

NOT VOTING—22.

Brandegee	Johnson	Myers	Sutherland
Caraway	Jones, Wash.	Norbeck	Swanson
Dial	Knox	Owen	Underwood
Edge	Ladd	Page	Watson, Ind.
Elkins	Lodge	Pittman	
Gerry	McLean	Spencer	

So Mr. NEW's amendment to the amendment of the committee was rejected.

Mr. ASHURST. Mr. President, if I be in order, I now call up the amendment heretofore proposed by me, on page 3, line 15, to strike out the numeral "7" and insert the numeral "20."

The VICE PRESIDENT. The committee amendment is now pending, and the amendment intended to be proposed by the Senator from Arizona is an amendment to the text of the bill.

Mr. BURSUM. Mr. President, I hope the Senate will see the wisdom and the need of adopting the amendment offered by my colleague, the senior Senator from New Mexico [Mr. JONES], placing a duty on hides of 5 cents, plus 15 per cent ad valorem, and a duty on sheep pelts of 5 cents, plus 15 per cent ad valorem.

It seems to me that if we are going to give protection to the live-stock grower, there is every reason why we should include the things which he is engaged in producing. There is just as much reason, to my mind, for placing a tariff on the beef and leaving out the hides, as there would be to permit the front quarters to come in free and place a duty on the hind quarters. The hide is just as much a part of the value of a cow or a steer as any other portion. In fact, in normal times it represents from 15 to 30 per cent of the full value of the carcass.

We of the West can not understand why there should be opposition to placing a duty on hides and on pelts. Some have said that it comes from the manufacturers. I hope that is not the case. We believe in protection. We believe in protecting American labor and American produce, whether it may be in New England, in the Southwest, or on the plains of our Middle States.

There never has been a time when the live-stock interests were in such a deplorable condition as at the present time. Live-stock growers were benefited very lightly by the war, as far as the prices of their products were concerned. Producers of wool were not permitted to sell their product in the open market. Their product was drafted by the Government, and they were paid whatever seemed proper to those in authority, and during the war, while wool was bringing as much as 40 to 50 cents in the grease, under the Government restrictions, had we been permitted to sell wool in the open market, a dollar a pound would have been the market price. While we were restricted in price, while the regulations of the Government were in effect, our expenses were forced upon us, and they left practically no profit.

I have a letter from one of our bankers in Magdalena, a city in the cattle and sheep producing section, and I desire to quote from this letter. The writer, Mr. Morley, said:

The best offer for steers that has been made in the last two or three days is \$20 for yearlings.

That is a reduction of approximately 60 per cent of their value during the war. It is a reduction of nearly 40 per cent of their value preceding the war.

This writer continues:

Twenty-seven dollars and fifty cents for twos and \$35 for threes. There is no question but that tight money is largely responsible for this situation, and those who can get funds are taking advantage of the conditions and pounding the prices down mercilessly. It is not necessary for me to tell you what will happen to the live-stock industry of New Mexico if the prices of cattle and sheep are allowed to be cut to a third or half of what they were a year ago; and, as you must know, such a cut entirely wipes out the equity that the grower has in the property and not infrequently leaves the banks with less security than their loans.

If this industry perishes, a great many of the financial institutions of the West will perish with it.

It would not be so serious, Senators, if one stockman, or a thousand, or a community, were broke, if some other persons engaged in that line of industry would take their places. But that is not the case, nor does it have that effect. Liquidation simply means that the live stock will be slaughtered; and it is amazing to me that, while we have no surplus of live stock in this country at the present time, values should be so demoralized. A representative of Swift & Co. made the statement to me a few days ago that if the packers were closed down for two weeks it would be impossible to feed the country.

If the packers have not more than a two weeks' supply on hand, where is the supply? It is not in the feed yards; it is not on the northwestern ranges, in Montana, Idaho, and Wyoming, where ranchmen graze steers for development and maturity. Those ranges are not up to capacity. Texas is not up

to capacity. Mexico has no live stock, except upon the western coast.

I submit, Senators, that this is a serious condition. I submit that the preservation of the live-stock industry, the preservation of the sheep industry, the growing of wool, is a vital matter to the life of the Nation itself, for in case of peril or war with a foreign country we would not get very far without any wool or without any meat to supply our troops.

I submit, Mr. President, that such conditions as exist now have never confronted the Nation; and with the delicate situation which exists in the minds of producers, the farmers, and the live-stock growers throughout the entire West, unless some relief is afforded, unless encouragement is given through Congress, we may not only see, as we saw during the war, meatless and wheatless days, but we may see the time when you will have a meatless and wheatless Nation, so far as a producing industry commensurate with the demands of this country is concerned.

I realize that it is not all due to the tariff. I realize that this emergency tariff bill can not do everything, that there are other complications, one of the chief of which is the railroad problem. I have a letter here from Roswell, N. Mex., with reference to the production of alfalfa, in which it is stated that the freight on alfalfa is from \$11 to \$19 to get it to market, and that the rate on cattle and sheep is so high that in the end it is going to paralyze them in all lines of business.

There is an extremely delicate situation affecting farmers and live-stock raisers which I feel we should face squarely and fairly; that we should expend every agency within our power toward keeping these agricultural industries alive. I hope the Senate will adopt this amendment.

Just one more word, Mr. President, about hides. My information is that hides bring a dollar apiece. The same kind of hides brought from six to twelve dollars before the war. It takes a wagonload of hides to buy a pair of shoes.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. BURSUM. Mr. President, I ask leave to have printed as a part of my remarks the table which I send to the desk.

There being no objection, the table was ordered to be printed, as follows:

Wool production of the United States, calendar years 1919 and 1920.
[Estimated by the Department of Agriculture.]

	1919	1920
Wool.....pounds..	308,439,000	302,207,000

Wool imported into the United States, calendar years 1919 and 1920.

	1919		1920	
	Quantity.	Value.	Quantity.	Value.
	Pounds.		Pounds.	
Class 1, clothing wool.....	334,000,538	\$171,288,562	212,302,240	\$109,001,343
Class 2:				
Combing wool.....	7,734,081	4,583,522	6,642,783	3,834,482
Hair of Angora goat, etc.	7,110,891	3,994,036	4,712,411	2,572,159
Class 3, carpet wool.....	96,948,324	36,898,861	35,870,207	11,564,104
Total.....	445,802,834	216,764,501	259,617,641	126,972,088

	1919		1920	
	Quantity.	Value.	Quantity.	Value.
	Pounds.		Pounds.	
Hides and skins.....	744,836,035	\$306,510,023	509,983,176	\$243,934,226

	1919		1920	
	Quantity.	Value.	Quantity.	Value.
	Pieces.		Pieces.	
Hides produced:				
Cattle.....	15,635,100		12,176,400	
Calves.....	9,041,000		9,662,800	
Sheep.....	16,460,600		14,247,800	
Goats.....	247,500		120,500	

The VICE PRESIDENT. The question is on the committee amendment.

Mr. SIMMONS. What is the amendment now pending?

The VICE PRESIDENT. The amendment proposed by the committee, which is printed in the bill.

Mr. MOSES. Mr. President, a parliamentary inquiry. Are we to vote on the entire amendment submitted by the committee?

The VICE PRESIDENT. Yes; unless an amendment is offered to it.

Mr. WOLCOTT. A parliamentary inquiry, Mr. President. What is the question?

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee, which is printed in the bill.

Mr. WOLCOTT. I ask that the question on the amendment be divided. As I recall it, it embodies three questions.

Mr. REED. Mr. President, before we vote upon the amendment reported by the committee, I desire to offer the amendment to the committee amendment which I now send to the desk.

The VICE PRESIDENT. The amendment to the amendment will be read.

The ASSISTANT SECRETARY. Add to the committee amendment, at the foot of page 18:

Whenever it is established to the satisfaction of the Secretary of the Treasury that merchandise upon which an import duty is levied by the United States is being commonly exported from the United States and is being commonly and generally sold in the countries to which exported at less than the same class or kind of merchandise is being sold or offered for sale in the United States, then the Secretary of the Treasury shall issue an order suspending and setting aside any import duty or tariff upon the importation of the same or similar articles of merchandise into the United States, said order to remain effective so long as the condition aforesaid exists.

Mr. REED. After the word "being," in line 6 of my proposed amendment to the amendment, I wish to insert the word "generally," so that it will read "being generally sold or offered for sale in the United States."

The VICE PRESIDENT. The Senator has a right to modify his amendment, and it will be so modified.

Mr. REED. Mr. President, I desire to address myself to the bill for 10 minutes, reserving the right to employ a further 10 minutes upon the amendment to the amendment if it becomes necessary.

The bill contains a dumping clause to the effect that when goods are being sold in the United States for less than they are being sold in the country of their production, an additional duty shall be levied in order to protect our people against cheap goods dumped upon our market. The other side of that question is that American manufacturers may sell their goods abroad for less than they are sold to the American people. They may indulge in this practice of dumping.

I am not interested in that phase of the question from the standpoint of protecting any European manufacturer of course, but with a tariff law already upon the statute books and with this bill pending, the situation is that if American manufacturers are able to sell their goods abroad for less than the American price, and do so sell them abroad for less than the American price, then the foreign purchaser gets the benefit of the cheap goods, but the American who wants to protect himself against the excessive price charged at home can not buy goods abroad, because they are barred out by the tariff. He can not even go to a European market and buy American goods which have been sold there at a low price and bring them back into the United States.

Now, I insist that if there is any merit in a tariff law it must exist in the fact that it promotes American industry to a point where the price is ultimately reduced to the American people. But if the practice comes into existence of an American manufacturer making his goods here behind a tariff wall and selling them at a higher price to the American people, and then selling the same class of goods at a lower price to European or Asiatic purchasers, the result is that the whole benefit of the tariff inures to the foreigner and the whole of the burden of the tariff rests upon the American people. In other words, we tax ourselves to build up an industry, and when we have it built up, it sells to foreigners for less than it sells to American citizens.

That, in my opinion, is an unconscionable thing; it is indefensible. No man who claims that the Government should protect him in his business against foreign competition has any right whatsoever to object to this amendment, which simply takes away from him the tariff protection which he now has, when he is able to sell his goods in competition with the world and to pay the freight to foreign markets.

I ask for the yeas and nays upon the amendment to the amendment.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. ROBINSON (when his name was called). I transfer my pair with the Senator from West Virginia [Mr. SUTHERLAND] to the Senator from Texas [Mr. CULBERSON] and vote "yea."

The roll was concluded.

Mr. EDGE. I transfer my pair with the senior Senator from Oklahoma [Mr. OWEN] to the junior Senator from Vermont [Mr. PAGE] and vote "nay."

Mr. JONES of New Mexico (after having voted in the affirmative). I have a general pair with the Senator from Maine [Mr. FERNALD]. I observe that he has not voted. I transfer my pair with that Senator to the Senator from Nevada [Mr. PITTMAN] and let my vote stand.

Mr. CURTIS. I announce that the Senator from Massachusetts [Mr. LODGE] is paired with the Senator from Alabama [Mr. UNDERWOOD].

I also announce that the Senator from Minnesota [Mr. KELLOGG] is paired with the Senator from North Carolina [Mr. SIMMONS].

Mr. HARRISON. I wish to announce that the senior Senator from Alabama [Mr. UNDERWOOD] is necessarily absent on account of a death in his family. He is paired with the Senator from Massachusetts [Mr. LODGE]. On the pending question the Senator from Alabama, if present, would vote "yea."

The result was announced—yeas 34, nays 46, as follows:

YEAS—34.

Ashurst	Hitchcock	Overman	Swanson
Borah	Jones, N. Mex.	Pomerene	Trammell
Caraway	Kendrick	Ransdell	Walsh, Mass.
Dial	Kenyon	Reed	Walsh, Mont.
Fletcher	King	Robinson	Watson, Ga.
Glass	La Follette	Sheppard	Williams
Harris	McKellar	Shields	Wolcott
Harrison	Myers	Smith	
Heflin	Norris	Stanley	

NAYS—46.

Ball	Frelinghuysen	McNary	Smoot
Broussard	Gooding	Moses	Spencer
Bursum	Hale	Nelson	Stanfield
Capper	Jones, Wash.	New	Sterling
Colt	Keyes	Newberry	Townsend
Cummins	Knox	Nicholson	Wadsworth
Curtis	Ladd	Norbeck	Warren
Dillingham	Lenroot	Oddie	Watson, Ind.
Edge	McCormick	Penrose	Weller
Elkins	McCumber	Phipps	Willis
Ernst	McKinley	Poindexter	
France	McLean	Shortridge	

NOT VOTING—16.

Brandegge	Fernald	Kellogg	Pittman
Calder	Gerry	Lodge	Simmons
Cameron	Harrell	Owen	Sutherland
Culberson	Johnson	Page	Underwood

So Mr. REED's amendment to the committee amendment was rejected.

Mr. SMOOT. Mr. President, under the first paragraph of Rule XVIII, I ask that the Senate committee amendment be divided; that the first vote be on Title II of the amendment; and that then each succeeding title be voted upon.

The VICE PRESIDENT. Without objection, the amendment will be so divided.

Mr. ASHURST. Will the Senator from Utah kindly repeat his request?

Mr. SMOOT. I ask that, under the first paragraph of Rule XVIII, the vote on the committee amendment be divided, beginning with Title II of the committee amendment.

Mr. ASHURST. That each title of the amendment, after it shall have been perfected, be voted on separately?

Mr. SMOOT. Yes.

Mr. ASHURST. I hope that will be done.

The VICE PRESIDENT. Without objection, it will be so ordered.

Mr. STANLEY. I send to the Secretary's desk an amendment to the amendment of the committee.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The READING CLERK. On page 26, after line 16, it is proposed to insert the following section:

SEC. 213. That this title shall not apply in the case of merchandise imported from any country which does not impose upon the importation of merchandise from the United States restrictions similar to the restrictions imposed upon imported merchandise by this act.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Kentucky.

Mr. STANLEY. Mr. President, I shall address myself briefly to the provisions of the pending bill in general, reserving the right to speak for 10 minutes upon the amendment to the committee amendment I have just offered.

This bill, Mr. President, technically speaking, is not an antidumping bill. It is a universal price accelerator. By the terms of the opening section of the antidumping clause the bill pro-

vides for an investigation by the Secretary of the Treasury of low prices for commodities sold here or abroad, and in the event those prices, in the opinion of the Secretary, are unduly low, the importer guilty of selling too cheaply to the American consumer is to be published or pilloried by the Secretary.

Mr. President, this bill is in utter defiance, in utter disregard of the rights of the great mass of the American people. It is in utter and absolute disregard of that great aphorism of Adam Smith that "in every country it always is and must be the interest of the great body of people to buy what they want of those who sell it cheapest." Every great industrial country in the world—and especially the United States at present—must purchase abroad any number of commodities essential to the happiness of the citizen and to the success of the country's industrial enterprises, commodities that are produced in but small part or not at all at home. Every bill of this character ever prepared, ever offered, ever passed, by any sane parliamentary body has been safeguarded in its provisions in such a way as not to interfere with the importation of essential commodities not produced to any material extent in the country into which they are imported.

Mr. President, in Australasia, in Canada, South Africa, Australia, and Great Britain also, wherever legislation of this kind has been proposed, it has been safeguarded in such a way as to apply, first, only to such commodities as were imported in material amounts in competition with domestic enterprise and sold more cheaply at home than abroad, but the commodity must actually be sold more cheaply in the domestic than in the foreign market; and in the event it is not so sold, the law of Canada and the law of South Africa and bills proposed in the British Parliament do not apply.

I call attention to the sane and necessary provisions of the Canadian antidumping act, afterwards incorporated in the Underwood tariff bill as it passed the House of Representatives.

This law providing against the sale of foreign commodities more cheaply in Canada than in the place from which they were exported further provides:

That the said special duty shall not exceed 15 per cent ad valorem in any case.

And again:

Such regulations may provide for the temporary exemption from special duty of any article or class of articles, when it is established to the satisfaction of the minister of customs that such articles are not made or sold in Canada in substantial quantities, and offered for sale to all purchasers on equal terms under like conditions, having regard to the custom and usage of trade.

This bill would exclude shellac; it would exclude tea; it would exclude potash; it would exclude many essential articles, notwithstanding the fact that we can not produce at home one-hundredth part of the necessary supply. Any exotic industry producing the one-thousandth of a thing essential to the industrial and domestic life of the American people can, upon the complaint of this petty producer, be excluded from American markets.

Mr. PENROSE. Mr. President, will the Senator permit just a word on that point?

Mr. STANLEY. Certainly.

Mr. PENROSE. The committee amendment provides that application must be made to the Secretary of the Treasury, and he shall not order the antidumping provision to apply unless the importation from the foreign commodity injures an American industry. A raw material which is not produced in this country could not have the provision applied to it. Therefore the Senator's apprehensions are entirely groundless.

Mr. STANLEY. Mr. President, if the Senator please, the provision does not specify the size of the industry; it does not specify the amount of the commodity produced. An industry in my own or the Senator's State producing one ten-thousandth part of an essential commodity can ask for the sort of protection provided in the antidumping provision of the bill. There are small establishments producing potash and other commodities which would be entitled to like protection. If there is an industry producing a commodity of any kind the price of which to the importer is less than the price charged abroad, notwithstanding the protective duty, the antidumping provision will apply. Similar bills passed by every other civilized country are safeguarded in some respect.

Again, Mr. President, an American industry—for instance, the United States Steel Corporation—may sell more cheaply abroad than at home. The United States Steel Corporation does do that. Through its president, Judge Gary, before a committee of which I happened to be chairman, it boasted that it did sell more cheaply abroad than at home; and Judge Gary said that he proposed to continue that practice; that it was a sound and admirable policy. The manufacture of any article produced in the United States may dump it on the world at any

price he pleases; and not only that, but a combination or a trust can place the most extortionate prices upon any domestic commodity. The Beef Trust may charge what it pleases for beef; the Steel Trust what it pleases for steel; the Wool Trust what it pleases for clothing in the domestic market; and yet in the future, as in the past, these monopolies may dump their products upon the markets of the world at half what they charge the home consumer. Yet these same trusts can go before the Secretary of the Treasury and with unclean hands demand that the markets of America be closed because some foreign competitor, forsooth, may interfere with their trust, guaranteed licenses, and franchises to plunder the American consumer. I defy Senators on the other side to show where a bill of this kind was ever proposed by any civilized country not safeguarded against that sort of transparent, brazen, and iniquitous abuse.

The Canadian law provides that—

Whenever . . . it appears to the satisfaction to the governor in council that with regard to any article of commerce there exists any conspiracy, combination, agreement, or arrangement of any kind among manufacturers of such articles or dealers therein to unduly promote the advantage of the manufacturers or dealers at the expense of the consumer, the governor in council may admit the article free of duty or reduce the duty.

The VICE PRESIDENT. The Senator's time on the amendment has expired.

Mr. STANLEY. As I understand, under the unanimous-consent agreement I can discuss the bill for 10 minutes and each amendment for 10 minutes. Has my time expired on the amendment?

The VICE PRESIDENT. The Senator has a right to 10 minutes more to discuss the bill.

Mr. STANLEY. Mr. President, discussing this particular amendment and in the time allotted for that purpose, I will say that there is no provision in this bill such as is contained in every other bill of this character against combinations between the importer and domestic producers to enhance the domestic price.

Mr. President, not Democrats, not Republicans, not politicians, but political economists placed in the highest authority, clothed with the greatest power over your tariff schedules, placed in a position to advise you—and you are pledged by your own platform declarations to heed that advice—have warned you against the perils and iniquities of such legislation. Prof. Emery, the president of the Tariff Board, has shown the danger and the folly of this embargo.

No exporting nation in the world has yet invited a similar character of reprisal. With the exception of Canada and a few wild-eyed Australian colonies, no other country has enacted such a law. Prof. Emery, in a recent and well-digested article on this subject, has said:

What about our own position in regard to selling surplus products abroad? Do we wish to help start a movement as yet confined to a few sparsely settled colonies (Canada, Austria, etc.), which will become the practice of our leading competitors? What would be the position of our own export trade if all countries should adopt the principle that all goods can not be sold in foreign markets for less than the established price of the domestic market? We are in a peculiar position. In general, our domestic prices are relatively so high that dumping in our market is not so necessary as in other markets. The foreign manufacturer can commonly meet the situation by offering his goods at his regular home prices. On the other hand, prices in foreign markets are so low that the American exporter is largely driven by the sheer force of international competition to sell his surplus at some reduction. For this reason I believe the movement for an anti-dumping law may prove dangerous to American exporters.

What! Is this body forgetful of the changes of a few years? Yesterday you might have dared to do it. To-day it is consummate folly. Yesterday you were a debtor and an importing nation. To-day you are a creditor and the greatest exporter in all the world. Not only that, Senators, you are exporting under conditions that positively demand that to export at all you must sell for less abroad than at home. If the cost of production here is not greater than abroad, if the level of wages is not higher here than abroad, your platforms are as false as dicers' oaths; the whole system of protection is based upon a sophism and an economic lie. If England, France, Germany, and other countries of continental Europe apply the same medicine to you, press to your lips the same cup that you are now pressing to the lips of the other nations of the world, you will close your doors upon your foreign commerce, and to-day you are selling eight billions abroad for the four billions you import. To-day, in manufactures suitable for other manufactures, you are importing five hundred millions and exporting nine hundred millions. You are preparing to spend hundreds of millions for a merchant marine—a merchant marine to do what? You must have cargoes as well as ships, and you will find no place for your ships and no open ports if the rest of the exporting countries of the world emulate the pernicious example of the

greatest exporter on the globe. Your ships will rot in their ports, your balance of trade is gone, and to-day you must not only take care of that balance, but you must collect ten billions from those countries. They can not pay in gold; there is not enough gold in all the world. They can not dig the gold. The world does not produce enough to pay half the interest if every single pennyweight taken from the bowels of the earth were dedicated to this purpose alone. You must get this ten billions of dollars by the exchange of foreign commodities, and here you put an embargo upon foreign commodities.

You are not honest with yourselves. You are not honest with the world. You are not just to your own manufacturers, who boast that they do this very thing and are able to take care of themselves in doing it. I say to you that the most you can do, the only thing you can do and keep your face as a brave and an honest and a sane nation, is to apply this dumping clause, if it is applied at all, only to the countries that have preceded you in this colossal piece of industrial folly.

I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). The question is on the amendment of the Senator from Kentucky [Mr. STANLEY] to the amendment of the committee, on which the yeas and nays have been requested and ordered. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as on the previous vote as to my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. WALSH of Montana (after having voted in the affirmative). I note that the Senator from New Jersey [Mr. FRELINGHUYSEN] has not voted. I have a pair with that Senator, which I transfer to the Senator from Texas [Mr. CULBERSON], and will allow my vote to stand.

Mr. HARRISON. I wish to announce that the senior Senator from Alabama [Mr. UNDERWOOD] is paired with the Senator from Massachusetts [Mr. LODGE]. On the pending question the Senator from Alabama, if present, would vote "yea."

The result was announced—yeas 31, nays 51, as follows:

YEAS—31.

Ashurst	Heflin	Pittman	Swanson
Borah	Hitchcock	Pomerene	Trammell
Caraway	Jones, N. Mex.	Reed	Walsh, Mass.
Dial	King	Robinson	Walsh, Mont.
Fletcher	La Follette	Shields	Watson, Ga.
Glass	McKellar	Simmons	Williams
Harris	Myers	Smith	Wolcott
Harrison	Overman	Stanley	

NAYS—51.

Ball	Gooding	McLean	Sheppard
Brandeggee	Hale	McNary	Shortridge
Broussard	Johnson	Moses	Smoot
Bursum	Jones, Wash.	New	Spencer
Capper	Kellogg	Newberry	Stanfield
Colt	Kendrick	Nicholson	Sterling
Curtis	Kenyon	Norbeck	Sutherland
Dillingham	Keyes	Norris	Townsend
Edge	Knox	Oddie	Wadsworth
Elkins	Ladd	Penrose	Warren
Elkins	Lenroot	Phipps	Watson, Ind.
Fernald	McCormick	Poincxter	Willis
France	McCumber	Ransdell	

NOT VOTING—14.

Calder	Frelinghuysen	McKinley	Underwood
Cameron	Gerry	Nelson	Weller
Culbertson	Harrell	Owen	
Cummins	Lodge	Page	

So Mr. STANLEY's amendment to the amendment of the committee was rejected.

Mr. STANLEY. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The ASSISTANT SECRETARY. Under Title II it is proposed to add to section 202 the following:

Provided, That such difference exceeds the duty imposed by law upon the importation of such merchandise.

Mr. STANLEY. Mr. President, this amendment will or should receive the support of both sides of the Chamber. This dumping provision is not intended to furnish adequate protection to American industries or for the purpose of affording protection, as protection, at all. It is intended to prevent the sale of foreign commodities in the American market, without regard to protective duty, for less than they are sold in the home market. In applying a dumping act you can not regulate the quantum of duty that is necessary to the success or prosperity of an enterprise and is just to the consuming public. You do not propose to go into that in connection with this dumping provision.

Mr. SIMMONS. I understand the Senator from Kentucky to state that it places a limitation on the dumping duty, and that limitation is the rate of duty imposed upon the article.

Mr. STANLEY. That is correct. Under this bill if a commodity shall be sold in the American market—say, a yard of Brussels carpet, with a duty of 100 per cent—if it is sold for 1 cent a yard less in the American market than in Brussels, this duty, with all the inquisitorial powers of the revenue agent to look at the books and examine the papers and go into the ship's invoices, and the inventory of its cargo, attaches, and it is an interference with trade which is annoying and harassing and which ought not to be invoked, except when goods are actually sold for less here than they are sold abroad.

If there is a duty of 100 per cent upon that product, the provisions of this bill can be invoked. I provide by this amendment that where the difference between the foreign selling price and the price charged in the home market is more than compensated by the duty imposed, then the law shall not apply.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from Kentucky to the committee amendment.

Mr. STANLEY. I ask for the yeas and nays.

The yeas and nays were ordered and taken.

Mr. PENROSE (after having voted in the negative). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS]. I observe that that Senator has not voted. I transfer my pair with the Senator from Mississippi to the junior Senator from Maryland [Mr. WELLER] and allow my vote to stand.

Mr. CURTIS. I desire to announce that the Senator from New Jersey [Mr. EDGE] is paired with the Senator from Oklahoma [Mr. OWEN].

Mr. HARRISON. I wish to announce that the senior Senator from Alabama [Mr. UNDERWOOD] is paired with the Senator from Massachusetts [Mr. LODGE]. On the pending question the Senator from Alabama, if present, would vote "yea."

The result was announced—yeas 29, nays 48, as follows:

YEAS—29.

Ashurst	Hitchcock	Reed	Trammell
Caraway	Jones, N. Mex.	Robinson	Walsh, Mass.
Dial	King	Sheppard	Walsh, Mont.
Fletcher	McKellar	Shields	Watson, Ga.
Glass	Myers	Simmons	Wolcott
Harris	Overman	Smith	
Harrison	Pittman	Stanley	
Heflin	Pomerene	Swanson	

NAYS—48.

Ball	Frelinghuysen	Lenroot	Poin Dexter
Brandeggee	Gooding	McCumber	Shortridge
Broussard	Hale	McLean	Smoot
Bursum	Harrell	McNary	Spencer
Calder	Johnson	Moses	Stanfield
Capper	Jones, Wash.	Nelson	Sterling
Colt	Kellogg	New	Sutherland
Cummins	Kendrick	Newberry	Townsend
Curtis	Keyes	Norbeck	Wadsworth
Dillingham	Knox	Oddie	Warren
Elkins	Ladd	Penrose	Watson, Ind.
Fernald	La Follette	Philips	Willis

NOT VOTING—19.

Borah	France	McKinley	Ransdell
Cameron	Gerry	Nicholson	Underwood
Culberson	Kenyon	Norris	Weller
Edge	Lodge	Owen	Williams
Ernst	McCormick	Page	

So Mr. STANLEY's amendment to the committee amendment was rejected.

Mr. STANLEY. Mr. President, I send to the desk an amendment which is, in substance, a substitution of the dumping provision contained in the Underwood bill as it left the House for the pending Senate committee amendment.

The PRESIDING OFFICER. The Secretary will read the amendment proposed by the Senator from Kentucky to the amendment of the committee.

The ASSISTANT SECRETARY. Under Title II (antidumping), strike out sections 201 to 211, inclusive, and insert in lieu thereof the following:

SEC. 201. That whenever articles are exported to the United States of a class or kind made or produced in the United States, if the export or actual selling price to an exporter in the United States, or the price at which such goods are consigned, is less than the fair market value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to the United States at the time of its exportation to the United States, there shall, in addition to the duties otherwise established, be levied, collected, and paid on such article on its importation into the United States a special duty (or dumping duty) equal to the difference between the said export or actual selling price of the article for export or the price at which such goods are consigned and the said fair market value thereof for home consumption, provided that the said special duties shall not exceed 15 per cent ad valorem in any case, and that goods whereon the duties otherwise established are equal to 50 per cent ad valorem shall be exempt from such special duty.

"Export price" or "selling price" or "price at which such goods are consigned" in this section shall be held to mean and include the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to the United States. The Secretary of the Treasury shall make such rules and regulations as are necessary for the carrying out of the provisions of this section and for the enforcement thereof.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from Kentucky [Mr. STANLEY] to the amendment of the committee.

The amendment to the amendment was rejected.

The PRESIDING OFFICER. The question is now upon the committee amendment to insert Title II of the bill.

Mr. SIMMONS. I desire to inquire whether there are any other amendments to the committee substitute that have not been acted upon?

The PRESIDING OFFICER. The Chair is not aware of any amendments to the committee substitute that have not been acted upon by the Senate.

Mr. SIMMONS. But the amendment offered by the Senator from Arizona [Mr. ASHURST] has not yet been acted on.

Mr. ASHURST. Mr. President, I rose merely to inquire if my amendment is in order. My impression is that it is not in order, as it is an amendment to the text and not to the matter proposed to be inserted. Am I correct?

The PRESIDING OFFICER. The Chair thinks it is not in order at this time, the amendment offered by the Senator from Arizona being an amendment to another portion of the bill. It is not an amendment to the committee amendment.

Mr. SIMMONS. Then there is no further amendment which has been offered and not acted upon to the committee substitute for the House dumping and valuation provisions of the bill?

The PRESIDING OFFICER. The Chair understands there is not.

Mr. ASHURST. It will be remembered that the Senator from Utah [Mr. SMOOT] asked and obtained unanimous consent that the committee amendment be voted upon by titles; that is to say, Title II, first to be voted upon, then Title III, Title IV, and so on. The Senator from Utah happens to be out of the Chamber at this moment.

Mr. CURTIS. I have sent for the Senator from Utah. He has just stepped out.

Mr. ASHURST. Some Senators on this side of the aisle also desire that that course shall be pursued.

The PRESIDING OFFICER. The Chair does not understand the request of the Senator from Arizona.

Mr. ASHURST. I really made no request. I merely called attention to the fact that the Senator from Utah had asked and obtained unanimous consent that the committee amendment be voted upon by titles; in other words, that the question be put on the separate titles.

The PRESIDING OFFICER. The Chair has just stated that the pending question is on inserting Title II, as recommended by the committee.

Mr. ASHURST. I beg the Chair's pardon.

The PRESIDING OFFICER. The question is on agreeing to Title II of the committee amendment, which will be read.

The ASSISTANT SECRETARY. The committee report to strike out Title II of the bill as passed by the House and to insert:

TITLE II.—ANTIDUMPING.

DUMPING INVESTIGATION.

SEC. 201. (a) That whenever the Secretary of the Treasury (hereinafter in this act called the "Secretary"), after such investigation as he deems necessary, finds that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation into the United States of a class or kind of foreign merchandise, and that merchandise of such class or kind is being sold or is likely to be sold in the United States or elsewhere at less than its fair value, then he shall make such finding public to the extent he deems necessary, together with a description of the class or kind of merchandise to which it applies in such detail as may be necessary for the guidance of the appraising officers.

(b) The powers and duties conferred or imposed upon the Secretary by this section may be exercised by him through such agency or agencies as he may designate.

SPECIAL DUMPING DUTY.

SEC. 202. (a) That in the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and as to which the appraiser or person acting as appraiser has made no report to the collector before such finding has been so made public, if the purchase price or the exporter's sales price is less than the foreign market value (or, in the absence of such value, than the cost of production) there shall be levied, collected, and paid, in addition to the duties imposed thereon by law, a special dumping duty in an amount equal to such difference.

(b) If it is established to the satisfaction of the appraising officers, under regulations prescribed by the Secretary, that the amount of such difference between the purchase price and the foreign market value is wholly or partly due to the fact that the wholesale quantities, in which such or similar merchandise is sold or freely offered for sale to all purchasers for exportation to the United States in the ordinary

course of trade, are greater than the wholesale quantities in which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), then under regulations prescribed by the Secretary, the foreign market value shall for the purposes of this section be decreased accordingly.

(c) If it is established to the satisfaction of the appraising officers, under regulations prescribed by the Secretary, that the amount of such difference between the exporter's sales price and the foreign market value is wholly or partly due to the fact that the wholesale quantities, in which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the United States in the ordinary course of trade, are greater than the wholesale quantities in which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), then under regulations prescribed by the Secretary, the foreign market value shall for the purposes of this section be decreased accordingly.

PURCHASE PRICE.

SEC. 203. That for the purposes of this title, the purchase price of imported merchandise shall be the price at which such merchandise has been purchased or agreed to be purchased, prior to the time of exportation, by the person by whom or for whose account the merchandise is imported, including the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less the amount, if any, included in such price attributable to any costs, charges, United States import duties, and expenses incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States; and plus the amount, if not included in such price, of any export tax imposed by the country of exportation on the exportation of the merchandise to the United States; and plus the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States; and plus the amount of any taxes imposed in the country of exportation upon the manufacturer, producer, or seller in respect to the manufacture, production, or sale of the merchandise which have been rebated or which have not been collected by reason of the exportation of the merchandise to the United States.

EXPORTER'S SALES PRICE.

SEC. 204. That for the purpose of this title the exporter's sales price of imported merchandise shall be the price at which such merchandise is sold or agreed to be sold in the United States, before or after the time of importation, by or for the account of the exporter, including the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less (1) the amount, if any, included in such price attributable to any costs, charges, United States import duties, and expenses incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States, (2) the amount of the commissions, if any, for selling in the United States the particular merchandise under consideration, (3) an amount equal to the expenses, if any, generally incurred by or for the account of the exporter in the United States in selling identical or substantially identical merchandise, and (4) the amount of any export tax imposed by the country of exportation on the exportation of the merchandise to the United States; and plus the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States; and plus the amount of any taxes imposed in the country of exportation upon the manufacturer, producer, or seller in respect to the manufacture, production, or sale of the merchandise, which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States.

FOREIGN MARKET VALUE.

SEC. 205. That for the purposes of this title the foreign market value of imported merchandise shall be the price, at the time of exportation of such merchandise to the United States, at which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country from which exported in the usual wholesale quantities and in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), including the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to the United States, except that in the case of merchandise purchased or agreed to be purchased by the person by whom or for whose account the merchandise is imported, prior to the time of exportation, the foreign market value shall be ascertained as of the date of such purchase or agreement to purchase.

COST OF PRODUCTION.

SEC. 206. That for the purposes of this title the cost of production of imported merchandise shall be the sum of—

(1) The cost of materials of, and of fabrication, manipulation, or other process employed in manufacturing or producing identical or substantially identical merchandise at a time preceding the date of shipment of the particular merchandise under consideration which would ordinarily permit the manufacture or production of the particular merchandise under consideration in the usual course of business;

(2) The usual general expenses (not less than 10 per cent of such cost) in the case of identical or substantially identical merchandise;

(3) The cost of all containers and coverings and all other costs, charges, and expenses incident to placing the particular merchandise under consideration in condition, packed ready for shipment to the United States; and

(4) An addition for profits (not less than 8 per cent of the sum of the amounts found under paragraphs (1) and (2), equal to the profit which is ordinarily added in the case of merchandise of the same general character as the particular merchandise under consideration by manufacturers or producers in the country of manufacture or production who are engaged in the same general trade as the manufacturer or producer of the particular merchandise under consideration.

EXPORTER.

SEC. 207. That for the purposes of this title the exporter of imported merchandise shall be the person by whom or for whose account the merchandise is imported into the United States:

(1) If such person is the agent or principal of the exporter, manufacturer, or producer; or

(2) If such person owns or controls, directly or indirectly, through stock ownership or control or otherwise, any interest in the business of the exporter, manufacturer, or producer; or

(3) If the exporter, manufacturer, or producer owns or controls, directly or indirectly, through stock ownership or control or otherwise, any interest in any business conducted by such person; or

(4) If any person or persons, jointly or severally, directly or indirectly, through stock ownership or control or otherwise, own or control in the aggregate 20 per cent or more of the voting power or control in the business carried on by the person by whom or for whose account the merchandise is imported into the United States, and also 20 per cent or more of such power or control in the business of the exporter, manufacturer, or producer.

OATHS AND BONDS ON ENTRY.

SEC. 208. That in the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and delivery of which has not been made by the collector before such finding has been so made public, unless the person by whom or for whose account such merchandise is imported makes oath before the collector, under regulations prescribed by the Secretary, that he is not an exporter, or unless such person declares under oath at the time of entry, under regulations prescribed by the Secretary, the exporter's sales price of such merchandise, it shall be unlawful for the collector to deliver the merchandise until such person has made oath before the collector, under regulations prescribed by the Secretary, that the merchandise has not been sold or agreed to be sold by such person, and has given bond to the collector, under regulations prescribed by the Secretary, with sureties approved by the collector, in an amount equal to the estimated value of the merchandise, conditioned: (1) That he will report to the collector the exporter's sales price of the merchandise within 30 days after such merchandise has been sold or agreed to be sold in the United States, (2) that he will pay on demand from the collector the amount of special dumping duty, if any, imposed by this title upon such merchandise, and (3) that he will furnish to the collector such information as may be in his possession and as may be necessary for the ascertainment of such duty, and will keep such records as to the sale of such merchandise as the Secretary may by regulation prescribe.

DUTIES OF APPRAISERS.

SEC. 209. That in the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and as to which the appraiser or person acting as appraiser has made no report to the collector before such finding has been so made public, it shall be the duty of each appraiser or person acting as appraiser, by all reasonable means and to ascertain, estimate, and appraise (any invoice or affidavit thereto or statement of cost of production to the contrary notwithstanding) and report to the collector the foreign market value or the cost of production, as the case may be, the purchase price, and the exporter's sales price, and any other facts which the Secretary may deem necessary for the purposes of this title.

APPEALS AND PROTESTS.

SEC. 210. That for the purposes of this title the determination of the appraiser or person acting as appraiser as to the foreign market value or the cost of production, as the case may be, the purchase price, and the exporter's sales price, and the action of the collector in assessing special dumping duty, shall have the same force and effect and be subject to the same right of appeal and protest, under the same conditions and subject to the same limitations; and the general appraisers, the Board of General Appraisers, and the Court of Customs Appeals shall have the same jurisdiction, powers, and duties in connection with such appeals and protests as in the case of appeals and protests relating to customs duties under existing law.

DRAWBACKS.

SEC. 211. That the special dumping duty imposed by this title shall be treated in all respects as regular customs duties within the meaning of all laws relating to the drawback of customs duties.

SHORT TITLE.

SEC. 212. That this title may be cited as the "Antidumping act, 1921."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment to insert Title II, beginning on page 16 of the bill.

Mr. SIMMONS. Upon that I demand the yeas and nays.

Mr. REED. Before that vote is taken I desire to reserve the right to offer in the Senate for a separate vote the amendment which I offered this morning.

The PRESIDING OFFICER. The request of the Senator from Missouri is not necessary. He has that right. The Senator from North Carolina demands the yeas and nays on the committee amendment—Title II.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as to my pair and transfer, I vote "yea."

Mr. McCUMBER (when Mr. PENROSE's name was called). The senior Senator from Pennsylvania has been called away from the Chamber for a short time. He has a general pair with the senior Senator from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS (when his name was called). I am paired with the senior Senator from Pennsylvania [Mr. PENROSE], who is prevented from being present at this moment. I transfer my pair to the Senator from Kentucky [Mr. STANLEY] and vote "yea."

The roll call was concluded.

Mr. CURTIS. I wish to announce that the Senator from Massachusetts [Mr. LODGE] is paired with the Senator from Alabama [Mr. UNDERWOOD].

Mr. STANLEY. On this vote I am paired with the senior Senator from Pennsylvania [Mr. PENROSE] by transfer. That Senator is temporarily absent. If permitted to vote, I should vote "yea."

Mr. HARRISON. I wish to announce that the senior Senator from Alabama [Mr. UNDERWOOD] is necessarily absent on account of a death in his family. He is paired with the Senator from Massachusetts [Mr. LODGE]. On the pending question the Senator from Alabama, if present, would vote "yea."

The result was announced—YEAS 84, NAYS 2, as follows:

YEAS—84.

Ashurst	Gerry	McCumber	Sheppard
Ball	Glass	McKinley	Shields
Borah	Gooding	McLean	Shortridge
Brandagee	Hale	McNary	Simmons
Broussard	Harrel	Moses	Smith
Bursum	Harris	Myers	Smoot
Calder	Harrison	Nelson	Spencer
Cameron	Heflin	New	Stanfield
Capper	Johnson	Newberry	Sterling
Caraway	Jones, N. Mex.	Nicholson	Sutherland
Colt	Jones, Wash.	Norbeck	Swanson
Cummins	Kellogg	Norris	Townsend
Curtis	Kendrick	Oddie	Trammell
Dial	Kenyon	Overman	Wadsworth
Dillingham	Keyes	Phipps	Walsh, Mass.
Edge	King	Pittman	Walsh, Mont.
Elkins	Knox	Poinexter	Warren
Ernst	Ladd	Pomerene	Watson, Ind.
Fernald	La Follette	Ransdell	Williams
Fletcher	Lenroot	Reed	Willis
Frelinghuysen	McCormick	Robinson	Wolcott

NAYS—2.

Hitchcock McKellar

NOT VOTING—10.

Culberson	Owen	Stanley	Watson, Ga.
France	Page	Underwood	Weller
Lodge	Penrose		

So the committee amendment inserting Title II was agreed to. Mr. SIMMONS. Mr. President, I would not have called for the yeas and nays on the proposition just pending if I had understood what we were about to vote on. I think we all do prefer the Senate substitute for the House provision, because it is a very great improvement over it. Of course, when we come to vote upon the final adoption of the substitute, I think that many of us, all of us on this side of the Chamber, will reverse our votes.

Mr. HARRISON. Mr. President, I understand I have a right to offer an amendment when the bill gets into the Senate on the proposition just under discussion. I reserve that right, at any rate.

The VICE PRESIDENT. The right will be reserved. The question is on agreeing to so much of the committee amendment as proposes the insertion of a new title to be known as Title III.

The amendment was agreed to, as follows:

TITLE III.—ASSESSMENT OF AD VALOREM DUTIES.

SEC. 301. That whenever merchandise which is imported into the United States is subject to an ad valorem rate of duty or to a duty based upon or regulated in any manner by the value thereof, duty shall in no case be assessed on a value less than the export value of such merchandise.

EXPORT VALUE.

SEC. 302. That for the purposes of this title the export value of imported merchandise shall be the price, at the time of exportation of such merchandise to the United States, at which such or similar merchandise is sold or freely offered for sale to all purchasers in the principal markets of the country from which exported, in the usual wholesale quantities and in the ordinary course of trade, for exportation to the United States, including the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less the amount, if any, included in such price, attributable to any costs, charges, United States import duties, and expenses incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States, and plus, if not included in such price, the amount of any export tax imposed by the country of exportation on merchandise exported to the United States.

REFERENCES TO "VALUE" IN EXISTING LAW.

SEC. 303 (a). That wherever in Title I of this act, or in the tariff act of 1913, as amended, or in any law of the United States in existence at the time of the enactment of this act relative to the appraisement of imported merchandise (except secs. 2874, 2976, and 3016 of the Revised Statutes, and sec. 801 of the revenue act of 1916), reference is made to the value of imported merchandise (irrespective of the particular phraseology used and irrespective of whether or not such phraseology is limited or qualified by words referring to country or port of exportation or principal markets) such reference shall, in respect to all merchandise imported on or after the day this act takes effect, be construed to refer, except as provided in subdivision (b), to actual market value as defined by the law in existence at the time of the enactment of this act, or to export value as defined by section 302 of this act, whichever is higher.

(b) If the rate of duty upon imported merchandise is in any manner dependent upon the value of any component material thereof, such value shall be an amount determined under the provisions of the tariff act of 1913, as in force prior to the enactment of this act.

DEFINITIONS.

SEC. 304. That when used in this title the term "tariff act of 1913" means the act entitled "An act to reduce tariff duties and provide revenue for the Government, and for other purposes," approved October 3, 1913.

The VICE PRESIDENT. The question now is on agreeing to so much of the committee amendment as proposes the insertion of a new title to be known as Title IV.

The amendment was agreed to, as follows:

TITLE IV.—GENERAL PROVISIONS.

STATEMENTS IN INVOICE.

SEC. 401. That all invoices of imported merchandise, and all statements in the form of an invoice, in addition to the statements required by law in existence at the time of the enactment of this act, shall contain such other statements as the Secretary may by regulation prescribe, and a statement as to the currency in which made out, specifying whether gold, silver, or paper.

STATEMENTS AT TIME OF ENTRY.

SEC. 402. That the owner, importer, consignee, or agent, making entry of imported merchandise, shall set forth upon the invoice, or statement in the form of an invoice, and in the entry, in addition to the statements required by the law in existence at the time of the enactment of this act, such statements, under oath if required, as the Secretary may by regulation prescribe.

CONVERSION OF CURRENCY.

SEC. 403. (a) That section 25 of the act of August 27, 1894, entitled "An act to reduce taxation, to provide revenue for the Government, and for other purposes," is amended to read as follows:

"SEC. 25. That the value of foreign coin as expressed in the money of account of the United States shall be that of the pure metal of such coin of standard value; and the values of the standard coins in circulation of the various nations of the world shall be estimated quarterly by the Director of the Mint and be proclaimed by the Secretary of the Treasury quarterly on the 1st day of January, April, July, and October in each year."

(b) For the purpose of the assessment and collection of duties upon merchandise imported into the United States on or after the day of the enactment of this act, wherever it is necessary to convert foreign currency into currency of the United States, such conversion, except as provided in subdivision (c), shall be made at the values proclaimed by the Secretary under the provisions of section 25 of such act of August 27, 1894, for the quarter in which the merchandise was exported.

(c) If no such value has been proclaimed, or if the value so proclaimed varies by 5 per cent or more from a value measured by the buying rate in the New York market at noon on the day of exportation, conversion shall be made at a value measured by such buying rate. For the purposes of this subdivision such buying rate shall be the buying rate for cable transfers payable in the foreign currency so to be converted; and shall be determined by the Federal reserve bank of New York and certified daily to the Secretary, who shall make it public at such times and to such extent as he deems necessary. In ascertaining such buying rate such Federal reserve bank may in its discretion (1) take into consideration the last ascertainable transactions and quotations, whether direct or through the exchange of other currencies, and (2) if there is no market buying rate for such cable transfers, calculate such rate from actual transactions and quotations in demand or time bills of exchange.

(d) Sections 2903 and 3565 of the Revised Statutes are repealed.

(e) Section 25 of such act of August 27, 1894, as in force prior to the enactment of this act, and section 2903 of the Revised Statutes, shall remain in force for the assessment and collection of duties on merchandise imported into the United States prior to the day of the enactment of this act.

INSPECTION OF EXPORTER'S BOOKS.

SEC. 404. That if any person manufacturing, producing, selling, shipping, or consigning merchandise exported to the United States fails, at the request of the Secretary, or an appraiser, or person acting as appraiser, or a collector, or a general appraiser, or the Board of General Appraisers, as the case may be, to permit a duly accredited officer of the United States to inspect his books, papers, records, accounts, documents, or correspondence, pertaining to the market value or classification of such merchandise, then while such failure continues the Secretary, under regulations prescribed by him, (1) shall prohibit the importation into the United States of merchandise manufactured, produced, sold, shipped or consigned by such person, and (2) may instruct the collectors to withhold delivery of merchandise manufactured, produced, sold, shipped or consigned by such person. If such failure continues for a period of one year from the date of such instructions the collector shall cause the merchandise, unless previously exported, to be sold at public auction as in the case of forfeited merchandise.

INSPECTION OF IMPORTER'S BOOKS.

SEC. 405. That if any person importing merchandise into the United States or dealing in imported merchandise fails, at the request of the Secretary, or an appraiser, or person acting as appraiser, or a collector, or a general appraiser, or the Board of General Appraisers, as the case may be, to permit a duly accredited officer of the United States to inspect his books, papers, records, accounts, documents, or correspondence, pertaining to the value or classification of such merchandise, then while such failure continues the Secretary, under regulations prescribed by him, (1) shall prohibit the importation of merchandise into the United States by or for the account of such person, and (2) shall instruct the collectors to withhold delivery of merchandise imported by or for the account of such person. If such failure continues for a period of one year from the date of such instructions the collector shall cause the merchandise, unless previously exported, to be sold at public auction as in the case of forfeited merchandise.

DEFINITIONS.

SEC. 406. That when used in Title II or Title III or in this title—the term "person" includes individuals, partnerships, corporations, and associations; and

The term "United States" includes all Territories and possessions subject to the jurisdiction of the United States, except the Philippine Islands, the Virgin Islands, the islands of Guam and Tutuila, and the Canal Zone.

RULES AND REGULATIONS.

SEC. 407. That the Secretary shall make rules and regulations necessary for the enforcement of this act.

The VICE PRESIDENT. The next question is upon agreeing to so much of the committee amendment as proposes the insertion of a new title, to be known as Title V.

Mr. SMOOT and Mr. ASHURST called for the yeas and nays, and they were ordered.

The reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as to the transfer of my pair as on the previous vote, I vote "yea."

Mr. McCUMBER (when the name of Mr. PENROSE was called). I again announce the necessary absence from the Chamber of the senior Senator from Pennsylvania [Mr. PENROSE]. He has a general pair with the senior Senator from Mississippi [Mr. WILLIAMS]. Were he present, the senior Senator from Pennsylvania would vote "yea."

The roll call was concluded.

Mr. HARRISON. The senior Senator from Mississippi [Mr. WILLIAMS] is unavoidably absent. He has a general pair with the senior Senator from Pennsylvania [Mr. PENROSE]. If he were present, the senior Senator from Mississippi would vote "nay."

I wish also to announce that the senior Senator from Alabama [Mr. UNDERWOOD] is paired with the Senator from Massachusetts [Mr. LODGE]. On the pending question the Senator from Alabama, if present, would vote "nay."

The result was announced—yeas 61, nays 25, as follows:

YEAS—61.

Ashurst	Frelinghuysen	McKellar	Shortridge
Ball	Glass	McKinley	Simmons
Brandeggee	Gooding	McLean	Spencer
Broussard	Hale	McNary	Stanfield
Bursum	Harrell	Nelson	Sterling
Cameron	Heflin	New	Sutherland
Capper	Johnson	Newberry	Swanson
Colt	Jones, N. Mex.	Nicholson	Townsend
Cummins	Jones, Wash.	Norris	Wadsworth
Curtis	Kellogg	Oddie	Warren
Dillingham	Kendrick	Overman	Watson, Ind.
Edge	Knox	Phipps	Willis
Elkins	Ladd	Poinexter	Wolcott
Ernst	Lenroot	Ransdell	
Fernald	McCormick	Robinson	
France	McCumber	Sheppard	

NAYS—25.

Borah	Harrison	Myers	Trammell
Caraway	Hitchcock	Pittman	Walsh, Mass.
Culberson	Kenyon	Pomerene	Walsh, Mont.
Dial	Keyes	Shields	Watson, Ga.
Fletcher	King	Smith	
Gerry	La Follette	Smoot	
Harris	Moses	Stanley	

NOT VOTING—10.

Calder	Owen	Reed	Weller
Lodge	Page	Underwood	Williams
Norbeck	Penrose		

So Title V of the committee amendment was agreed to, as follows:

TITLE V.—DYES AND CHEMICALS.

SEC. 501. (a) That on and after the day following the enactment of this act, for the period of six months, no sodium nitrite, no dyes or dyestuffs, including crudes and intermediates, no product or products derived directly or indirectly from coal tar (including crudes, intermediates, finished or partly finished products, and mixtures and compounds of such coal-tar products), and no synthetic organic drugs or synthetic organic chemicals, shall be admitted to entry or delivered from customs custody in the United States or in any of its possessions unless the Secretary determines that such article or a satisfactory substitute therefor is not obtainable in the United States or in any of its possessions in sufficient quantities and on reasonable terms as to quality, price, and delivery, and that such article in the quantity to be admitted is required for consumption by an actual consumer in the United States or in any of its possessions within six months after receipt of the merchandise.

(b) Upon the day following the enactment of this act the War Trade Board Section of the Department of State shall cease to exist; all clerks and employees of such War Trade Board Section shall be transferred to and become clerks and employees of the Treasury Department, and all books, documents, and other records relating to such dye and chemical import control of such War Trade Board Section shall become books, documents, and records of the Treasury Department. All individual licenses issued by such War Trade Board Section prior to the enactment of this act shall remain in effect during the period of their validity, and the importations under such licenses shall be permitted. All unexpended funds and appropriations for the use and maintenance of such War Trade Board Section shall become funds and appropriations available to be expended by the Secretary in the exercise of the power and authority conferred upon him by this section.

SEC. 502. That this title may be cited as the "Dye and chemical control act, 1921."

Mr. KING. Mr. President, I reserve the right to ask for a separate vote in the Senate on the amendment which has just been adopted.

The VICE PRESIDENT. The consideration of the committee amendment, so far as the Committee of the Whole is concerned, is completed. The bill is still before the Senate as in Committee of the Whole and open to amendment.

Mr. SIMMONS. Mr. President, I rise to a parliamentary inquiry.

The VICE PRESIDENT. The Senator from North Carolina will state it.

Mr. SIMMONS. My understanding is that we have now voted on the Senate committee substitute by title.

The VICE PRESIDENT. We have.

Mr. SIMMONS. Is it not now proper to vote upon the Senate committee substitute as a whole?

The VICE PRESIDENT. That is not now necessary.

Mr. SIMMONS. The Chair holds that that is unnecessary?

The VICE PRESIDENT. He does.

Mr. SIMMONS. Mr. President, I wish to say that so far as this side of the Chamber is concerned, those of us who have voted for the Senate committee substitute did so not because we are in favor of that substitute, but because we thought it was better than the provision of the bill as it came from the House. However, we shall have an opportunity on the final vote of voting against the substitute, together with the other provisions of the bill.

Mr. KING. Mr. President, I had hoped to have the opportunity of discussing somewhat at length the provisions of this bill placing an embargo upon dyes, but I could not obtain the floor without interfering with others, so was unable to do so. In the few minutes permitted under the rule, I shall attempt no discussion of the bill, and will content myself with referring to one or two questions involved in the provision just mentioned. I express my keen disappointment at the attitude of Republican Senators with respect to a policy which I believe to be wrong, and also express my sincere regret that some Members upon this side of the aisle are giving support to a proposition which I regard as vicious and un-American. Whatever might have been said three or four years ago in favor of a tariff on dyes would not be justified under present conditions. In 1913, as well as in 1916, the advocates of tariff duties upon dyes asked for no embargo and expressed satisfaction with reasonable duties limited to a few years, alleging that at the end of that period the industry would be so far developed that it could meet any foreign competition.

The domestic dye industry has grown to large proportions. In 1919 the production of coal-tar dyes amounted to more than 63,000,000 pounds. The exports of dyestuffs from the United States for the year 1920 amounted to more than \$33,000,000. In 1914 the total imports of dyestuffs exceeded 45,000,000 pounds. We are now producing in the United States 40 per cent more of coal-tar dyes than were imported in 1914 or prior to that year. The quantity of dyes produced in the United States in 1920 exceeded the quantity produced in 1919 and comprehends a much more extensive variety. The imports of dyes for the fiscal year 1920 amounted to only three and one-half million pounds. So prosperous has been the dye industry in the United States that millions of dollars of profits have been realized. The prices charged by the domestic producers have reached, I was about to say, extortionate proportions. The American consumer has been compelled to submit to the outrageous demand of what I submit the evidence shows is a monopoly. This monopoly seeks to perpetuate its power, to increase its profits, and to hold the consumer of dyestuffs in the United States absolutely at its mercy.

By some it is contended that this legislation is necessary as a means of national defense, and the Senator from Pennsylvania [Mr. Knox], who is the sponsor for the amendment now before us, justified its enactment by pointing to the roster of American soldiers who gave their lives upon the battle fields of Europe. Their dead bodies are to be the rampart behind which he defends what I believe to be a monopoly. Mr. President, in my opinion, the facts do not support those who advance this argument, but time does not permit a presentation of the facts relating to this matter.

Recently there has been promulgated by the Department of State a regulation which more effectually places the dye manufacturers in control of the American market. Not satisfied with a licensing feature which excludes nearly all foreign dyes, it is planned to place in the hands of the domestic producers, or an organization which responds to their views, the determination of the question as to whom licenses to import shall be issued. The power to refuse licenses, I submit, is found in the plan which now obtains and which this bill will continue.

The regulation mentioned is in part as follows:

In each case, therefore, before applying for license to import or causing application for such license to be made by an importing agent the intending consumer should ascertain, through the American Dyes Institute, No. 320 Broadway, New York City, N. Y., whether or not goods similar to those desired to be imported, or some satisfactory substitute therefor, is or are obtainable from domestic sources on reasonable terms as above, and should state that he has made such inquiry. Applications for license to import dyes, dyestuffs, or crudes or intermediates entering into the production or manufacture thereof which are of enemy make will not be considered unless in each case the accompany-

ing consumer's statement and guaranty show exactly wherein the goods therein listed fail to meet the intending consumer's particular manufacturing requirements.

And so forth.

We not only have a dye monopoly but we propose, if this amendment is adopted, to continue war legislation for an additional period. The Republican Party denounced the last administration for continuing after the armistice legislation which was the product of the war, and pledges were made that the Republican Party would immediately repeal all war legislation. Now promises are forgotten and the dyestuff industry secures legislation which enables it to enforce war measures in peace time in order that its profits may be increased and its powers strengthened.

Mr. KENYON. Mr. President, may I ask the Senator a question?

Mr. KING. I yield.

Mr. KENYON. I observe that a certain portion of the votes for this monopoly by tariff came from the Democratic side of the Chamber. After talking so many years for a tariff for revenue only, is the Senator prepared now to say that a large portion of his party at least will support tariff for monopoly in this Chamber just because President Wilson may have recommended it?

Mr. KING. Mr. President, unfortunately I can not speak for the Democratic Party, but speaking for myself I can only express my disagreement with what Mr. Wilson stated upon the question of a tariff for dyestuffs, and my profound regret over the support given by some Democrats to this provision, which is more than a tariff provision, but is equivalent to an absolute embargo, the result of which will be to strengthen a monopoly which not only needs no embargo but little if any tariff in order that it may enjoy legitimate prosperity.

In my opinion, Democrats can find no justification for supporting a licensing feature in times of peace and an embargo that will operate to swell the earnings of corporations engaged in an industry which now has undisputed control of domestic markets. It is an abandonment, in my opinion, of the traditional policy of the party, and will prove an embarrassment to the Democrats when they come to consider future revenue and tariff measures. There may have been some justification for President Wilson's advocacy of a tariff on dyes a number of years ago, but I respectfully submit that the position of President Wilson taken then does not support a policy calculated to entrench a monopoly in the United States which would oppress and plunder the people. If the Democratic Party should join hands with Republicans to enact legislation such as Republicans have enacted in the past, under which trusts and monopolies were developed, it would have no right to ask for the confidence and support of the American people. In my opinion, one of the great issues before the American people is whether or not monopolies and trusts and combines shall rule and control our political as well as our economic life. Never in the history of the Republic have trusts and monopolies been more arrogant, sinister, and oppressive than they are at the present time.

Mr. BORAH. Mr. President—

Mr. KING. I yield to the Senator.

Mr. BORAH. I think we ought to have an agreement that when we discuss the tariff question we shall not refer to either the Republican or Democratic Party. The terms signify nothing at all.

Mr. KING. Mr. President, I hope that what the Senator says is not true, but I am afraid there is too much truth in his statement. When revenue and tariff questions are presented it seems as though party lines disappear. I submit there is too much selfishness and sectionalism in the consideration of legislation of this character. Special interests and corporations affected by tariff legislation become powerful propagandists in favor of measures and policies inuring to their advantage. It has been said, and I think with truth, that protected interests, corporations, and trusts have in subtle and insidious ways poisoned the minds of many and attempted to secure legislation beneficial to them and harmful to the American public. I believe that manufacturing and other interests are now directly or indirectly seeking to secure legislation which will permit them to impose burdens upon the American consumer. Selfish interests are clamoring for legislation that will prevent competition and enable them to control prices and secure inordinate profits. There should be an investigation, in my opinion, of the activities of interests—corporations, associations, and so forth—directed toward securing Federal legislation. There should be an investigation of the dye industry. We should know whether it is a monopoly. We should secure the evidence referred to by the Senator from New Hampshire [Mr. Moses] in his speech a few days ago, in which attention was directed to the large sums

spent by the dye industry for propaganda purposes and clearly for the purpose of influencing legislation. I shall offer a resolution to-morrow asking for an investigation of the dye industry, of its efforts to secure legislation, as well as other corporations, monopolies, and industries, and what, if any, efforts they have put forth to secure tariff or other legislation from which they might obtain pecuniary or other benefits.

Mr. FRELINGHUYSEN. Mr. President, I send to the desk an amendment, which I offer and ask to have read.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 3, line 24, after the word "pound," it is proposed to insert the following:

Except such wools as were purchased abroad prior to April 1, 1921, by individuals, firms, or corporations here for importation into the United States.

Mr. FRELINGHUYSEN. Mr. President, I simply wish to explain briefly the object of the amendment, if I may do so.

There is in my State a gentleman who is engaged in the importation of wool, and he had engaged to import from South America on March 14 a large quantity of wool which was sold to various concerns in New York, and the shipment of it from Buenos Aires has been delayed on account of strikes. I do not know how much other wool there is outside of this country awaiting shipment to this country, but I do know that the immediate effect of the enactment of this emergency tariff will be, in my opinion, to impose an unjust burden on that importer and other importers who had engaged to import these wools prior to the enactment of this legislation.

Mr. ASHURST. Mr. President, will the Senator yield? How many pounds of wool does the amendment cover?

Mr. FRELINGHUYSEN. I am going to get to that, and give all the facts to the Senate, and let it rest with the Senate whether or not they wish to impose this injustice by enacting legislation which practically penalizes those who engaged this wool prior to the enactment of the law.

There were 3,000,000 pounds of mercerized wool, I believe it is called—

Mr. SMOOT. Carbonized wool. A gentleman told me it was carbonized.

Mr. FRELINGHUYSEN. Three million pounds of carbonized wool. I see that the Senator from Utah is very familiar with the wool question.

Mr. BORAH. Mr. President, the Senator from New Jersey is affording a great deal of consolation to those of us who are supporting this bill. I have been of the opinion that all wool had arrived, but this is the first ray of hope I have had that it would be of any real benefit to the American wool raiser.

Mr. FRELINGHUYSEN. I am very glad the Senator from Idaho is in accord with any tariff legislation. This purchase is 3,000,000 pounds of so-called carbonized wool, purchased at 54 cents a pound, at a cost of \$1,620,000. The tariff imposes a duty of 45 cents, which will make that wool cost, in addition, \$1,350,000. Now, I claim that in addition to that there are 2,000,000 pounds of other wools engaged to be brought in at a cost of \$280,000, and the duty imposes on those wools an additional burden of \$300,000.

This wool was engaged for shipment prior to this legislation, and yet this legislation imposes a burden of nearly 150 per cent upon the importers who have engaged that wool for shipment.

Mr. WARREN. Mr. President, may I ask the Senator a question?

Mr. FRELINGHUYSEN. I yield to the Senator from Wyoming.

Mr. WARREN. Is it not a matter of fact that the one or two parties who are speculators in wool have had the information that the whole country has had, that this legislation has been imminent for nearly six months? Is there any reason why they should not take the same chances of "running the blockade" that the importers of other goods should take?

As a matter of fact, I may say to the Senator, if he will allow me just a word or two—because I do not wish to infringe upon his time—any good that this bill might do to the sheepmen, the woolgrowers, of course, would be carried away by an amendment of this kind. It is not expected that this emergency bill itself is going to do the woolgrowers very much good, except that it may cause a discontinuance of the dumping of wool into this country until there may be some more perfect tariff legislation to follow. I think this legislation, with all the respect and love I have for the Senator proposing it, is, I might say, most imprudent on the part of the men who ask this particular privilege now.

Mr. FRELINGHUYSEN. The situation is this: This wool was purchased prior to this legislation. There was no notice of its impending passage; in fact, the impression was gained that this legislation was not going to pass. On March 14 this wool

was engaged for shipment, and now you impose a burden of 150 per cent upon that wool that was engaged prior to this legislation. I think the amendment is perfectly fair and just, and I think it should be adopted.

Mr. ASHURST. Mr. President, if I understand the amendment of the Senator from New Jersey correctly, it proposes that there shall be admitted some 70,000,000 pounds of wool.

Mr. FRELINGHUYSEN. Is the Senator asking me a question?

Mr. ASHURST. I should like to know how many pounds of wool it is estimated will be imported under this amendment without duty?

Mr. FRELINGHUYSEN. Three million pounds of carbonized wools and 2,000,000 pounds of other wools.

Mr. SMOOT. But, Mr. President, that applies only to this one firm.

Mr. ASHURST. It is obvious that under this amendment some seventy or eighty million pounds of wool will be imported immediately.

Mr. FRELINGHUYSEN. Mr. President, may I interrupt the Senator to say that only such wools as were engaged prior to April 1 may be imported.

Mr. ASHURST. So I perceive. Mr. President, we are proceeding upon the hypothesis that this is a bill to assist the farmer, the cattle raiser, and the woolgrower. How can you assist the woolgrower by importing 70,000,000 pounds of wool to come into competition with his clip grown under extra heavy expense?

My able and redoubtable friend from Utah [Mr. KING] stood his ground, opposed to any duties on dyestuffs. In the case of this provision under Title V, upon which we voted a moment ago, relating to dyestuffs, some challenge was flung at Democrats for voting for a high duty on dyestuffs. The most eminent low-tariff man the world ever produced, outside of the English low-tariff statesmen, sent a wireless message to Congress from Paris urging a protective wall upon dyestuffs so high that none could come in. The former leader of the Democratic Party, Woodrow Wilson, sent the following message to Congress by wireless on May 20, 1919:

Nevertheless, there are parts of our tariff system which need prompt attention. The experiences of the war have made it plain that in some cases too great reliance on foreign supply is dangerous, and that in determining certain parts of our tariff policy domestic considerations must be borne in mind which are political as well as economic. Among the industries to which special consideration should be given is that of the manufacture of dyestuffs and related chemicals. Our complete dependence upon German supplies before the war made the interruption of trade a cause of exceptional economic disturbance. The close relation between the manufacture of dyestuffs on the one hand and of explosives and poisonous gases on the other, moreover, has given the industry an exceptional significance and value. Although the United States will gladly and unhesitatingly join in the program of international disarmament, it will, nevertheless, be a policy of obvious prudence to make certain of the successful maintenance of many strong and well-equipped chemical plants. The German chemical industry, with which we will be brought into competition, was and may well be again thoroughly knit monopoly capable of exercising a competition of a peculiarly insidious and dangerous kind.

Mr. KING. Mr. President—

Mr. ASHURST. I have only a minute. I can not yield. Where is there a high-tariff man who ever made a stronger argument than that? Let him stand up if there be one. Did former Senator Aldrich or former Representative Payne ever make a stronger argument for a high protective tariff than did President Wilson when he urged Congress to place a tariff on dyestuffs and its related chemicals?

What does all this prove? It proves that which the Democrats have always said, to wit, that the tariff is not a political question. The Republicans insist it is. Mr. Cox, in his campaign, when he reached California said, "I am for a tariff on lemons." Mr. Wilson wired from Paris that he must have a high protective tariff, yea, an embargo, on dyestuffs.

The tariff question is a logical question, a business question, which moves us. We do not move it. This country is going to demand that the tariff question shall no longer be made a political question, because it is a business question only.

If you have a protective tariff on the manufactured article you should also have a tariff on the products of the farm, the field, and the ranch. That is why I have vexed the ears of my friends here in urging a tariff on the long-staple cotton. The amendment I offer provides that the tariff on long-staple cotton shall be 20 cents a pound, because the Egyptian laborer can lay the cotton down in New England for 26 cents a pound and it costs the American farmer 50 cents a pound to produce it.

We say with Jefferson, we say with Jackson, equal rights to all and special privileges to none. Your philosophy of putting the manufactured article under a high protective tariff and the products of the farm, the field, and the ranch on the free list is a gross and unjust discrimination against the farmer.

That will be one of the issues soon to come before the people. The farmer must subsist our Nation. The woolgrower and the cattle grower must clothe our Nation.

How are they going to clothe and subsist our Nation if your solicitude is for the Egyptian laborer and the German manufacturer of chemicals and dyestuffs?

The Republican Party after the Civil War shrewdly saw an opportunity to capitalize the tariff question, forgetting that Andrew Jackson stood for a tariff on raw materials; Randall stood for a tariff on raw materials; Walker stood for a tariff on raw materials; and Jefferson stood for a tariff on raw materials. The great Democrats who laid deep and strong the foundations of the Democratic Party said that if you have a tariff on the manufactured article you must also have a tariff on the raw materials, but it has grown in the last few years to be a sort of a heresy for a Democrat to demand that his own constituency be dealt with equally with other constituencies.

Mr. GERRY. Mr. President, I offer the following amendment and reserve the right to a vote on it in the Senate.

Mr. SMOOT. There is an amendment pending now, not yet disposed of.

Mr. GERRY. I simply want to offer the amendment, under the unanimous-consent agreement, before 3 o'clock, and reserve my rights.

In regard to the amendment I have offered, I want to say that its purpose is to prevent any special duty being placed on articles on the free list. Under the special dumping provision of the bill it is possible for the Secretary of the Treasury in certain cases to put a tax on articles which are now on the free list. It seems to me perfectly ridiculous that it should be considered for one minute that a tariff should be placed on merchandise on the free list when the whole idea of the free list is to have those commodities on it come into this country as cheaply as possible and not put them into any special class which shall be subject to taxation and which would raise their price to the consumer.

Mr. SMOOT. Mr. President, I shall not take much of the time of the Senate in discussing the amendment offered by the Senator from New Jersey [Mr. FRELINGHUYSEN]. I am quite sure that if we wanted to destroy the protection that is to be afforded by this bill, no better way could be devised than to adopt the amendment offered by the Senator from New Jersey.

I am informed that there are least 70,000,000 pounds of wool on the waters to-day, which had been contracted for, no doubt, before April 1.

Mr. FRELINGHUYSEN. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Jersey?

Mr. SMOOT. I yield.

Mr. FRELINGHUYSEN. Has the Senator any evidence of that which he can produce?

Mr. SMOOT. I have not the information here on my desk. I did not expect such an amendment to come up, or I would have had it.

Mr. FRELINGHUYSEN. If the Senator will allow me to interrupt him again, I should like to have some evidence of the fact that there are 70,000,000 pounds of wool on the way here. I understand that is not so.

Mr. SMOOT. Mr. President, I have only about five minutes and I will withdraw the statement if the Senator wishes and confine myself to the statement made by the Senator that there are 5,300,000 pounds of wool affected which are expected to reach here without any duty being collected upon that wool.

Mr. FRELINGHUYSEN. Mr. President—

Mr. SMOOT. This I do know, Mr. President, that there is wool enough in the United States to-day, if not another pound comes in, together with this season's clip, to last the American manufacturers for at least two years. I am quite confident that the firm referred to by the Senator did as other importers did.

They knew very well an emergency bill was passed at the last session of Congress, and that in the closing days of the session it was vetoed by the President. There was not any doubt but that that bill would be introduced again, and no doubt the order was placed between the day the bill was vetoed by the President and the 1st day of April, and they took their chances of getting the wool in before the passage of this bill. As far as the pending amendment is concerned, it might as well apply to every item in the bill, and whatever duties are fixed in the bill will apply to other articles the same as we intended them to apply to wool, and I can not believe that the Senate will adopt the amendment.

Mr. HITCHCOCK. Mr. President, I wish to say a word in support of what was said by the Senator from Utah [Mr. KING] against this dyestuffs provision. It has been pretty thoroughly established by this time that there is in this country a

dyestuff monopoly. Two great combinations hold the country in their grip at this time in the manufacture of dyestuffs. They have an immense capital. They maintain at the Capital an expensive lobby. Their headquarters, known as the American Dye Institute, are located at 320 Broadway, and this legislation, if passed, is directly for the benefit of that monopoly. Even at the present time if anyone desires to import dyes into this country, he must go, under the orders of the State Department issued last month, to the offices of the American Dye Institute to ascertain whether he can procure from that monopoly at prices which they deem adequate the necessary dye which he desires for consumption.

Now it is proposed to put practically into the statutes of the United States, for the benefit of this dyestuff monopoly, what has heretofore existed as an administrative regulation. Do Senators realize the extent to which this has gone and the scandal which is growing out of it? The dyestuff industry in the United States at the present time is one of the powerful, rapidly growing industries of the United States, and you propose by this legislation to erect a wall around the United States and prevent any competition from coming into the United States against it.

This great monopoly not only has the American market entirely in its grip, both as to supply and prices, but this monopoly at the present time has a great foreign trade, a trade in dyestuffs which it is maintaining in the face of competition from all over the world.

This trade is rapidly growing. For the eight months ending with February of the present year this great monopoly of the United States, which is supposed to need an embargo as a protection against the rest of the world, exported \$17,246,484 worth of goods sold to the rest of the world. Do Senators want to put into a law a provision that this monopoly shall be permitted to continue and fatten on the American people while it is selling its products in competition with German dyestuffs and other dyestuffs in other parts of the world?

Senators have voted here to-day against an amendment offered by the Senator from Missouri [Mr. REED], an amendment which was intended to provide that if an American manufacturer was selling his goods in a foreign market lower than those at which he sold to the American people the protection would be removed. Senators voted against that amendment. They went on record as unwilling to protect the American consumer. They went on record as perfectly willing that the American consumer should be required by a tariff to pay to these manufacturers prices higher than those at which they were selling to the people in foreign lands; and now, by this provision relating to dyestuffs, in a bill for which some Democrats have been voting to-day, you propose to erect practically an embargo and say to the manufacturers of German dyestuffs, "You can not sell your dyes to the American people as long as the American manufacturers are manufacturing those dyes," notwithstanding the fact that those same American manufacturers have been selling their dyes in other parts of the world to the extent of \$17,000,000 during the last eight months.

It is possible, Mr. President, that the dominant party is ready to go on record to the American consumer with that statement. Possibly they are ready to incorporate in this bill an embargo to prevent the importation of any dyestuffs which this great monopoly, with headquarters at 320 Broadway, can manufacture and sell to the American people. I do not understand how even protectionist Senators can really be willing to put American manufacturers of goods which must use dyes under such a disadvantage. It seems to me, if I were a protectionist and wanted to encourage the development of American industries in the United States, even at the expense of the American consumer, I would at least object to putting an embargo on one of the very necessary articles which those American manufacturers consume.

But seemingly this dyestuff monopoly, with its millions of capital and with its rapidly growing domestic and foreign business as well, has hypnotized Senators and even secured the support of Democratic Senators for a provision which I deem to be one of the most infamous provisions ever inserted in a so-called protective tariff bill.

I do not believe it is possible that, when the final vote comes on this measure, Senators will deliberately give their support to the maintenance of a monopoly which has already become powerful enough to meet the competition of the world in other lands to the extent, as I have said, of \$17,000,000 worth of American dye products during the last eight months. I presume that in the course of a year it will run to \$25,000,000, for it is growing year by year. In the corresponding eight months of last year the American dyestuff foreign trade was only \$15,000,000. The previous year it was \$14,000,000; and it is

growing more rapidly, possibly, than any other American industry in the United States, because most of our foreign trade is known to be on the decline at the present time.

Mr. KNOX. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Pennsylvania?

Mr. HITCHCOCK. I yield the floor.

Mr. KNOX. I only wanted to observe that there is something entirely familiar in these lamentations of the Senator from Nebraska about the probability of the German monopoly in the most dangerous munitions that have ever been manufactured being interfered with by this bill. We remember that during the war, when the Germans had a monopoly of munitions and the Allies could not obtain munitions to fight the Huns the Senator from Nebraska advocated a bill to prevent the people of the United States from shipping munitions to the French and to the English and to the Italians, who were engaged in a death struggle with Germany for the preservation of civilization.

The VICE PRESIDENT. The time for debate on the bill and amendments has expired. The question is on the amendment offered by the Senator from New Jersey [Mr. FRELINGHUYSEN].

Mr. SIMMONS. Mr. President—

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. SIMMONS. I rise for the purpose of discussing the amendment.

The VICE PRESIDENT. Under the unanimous-consent agreement the time for discussion has expired. It is now 3 o'clock.

Mr. REED. On the amendment I demand the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

Mr. ASHURST. Mr. President, I offer the amendment which I send to the desk and ask to have read.

The VICE PRESIDENT. The Secretary will report the amendment.

The ASSISTANT SECRETARY. On page 3, line 15, strike out the numeral "7" and insert "20," so that if amended it will read:

16. Cotton having a staple of 1½ inches or more in length, 20 cents per pound.

Mr. ASHURST. Upon that I respectfully ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the Senator from Vermont [Mr. PAGE] and vote "nay."

Mr. McCUMBER (when the name of Mr. PENROSE was called). I again announce the necessary absence of the Senator from Pennsylvania from the Chamber. He has a pair with the senior Senator from Mississippi [Mr. WILLIAMS]. If the Senator from Pennsylvania were present, he would vote "nay."

Mr. WILLIAMS (when his name was called). I have a pair with the senior Senator from Pennsylvania [Mr. PENROSE]. I regret very much that he is not able to be present at this moment. I transfer my pair to the Senator from Oklahoma [Mr. OWEN] and vote "nay."

The roll call was concluded.

Mr. EDGE. Following the announcement of the Senator from Mississippi [Mr. WILLIAMS], who has transferred his pair to the Senator from Oklahoma [Mr. OWEN], I will transfer my pair with the Senator from Oklahoma to the senior Senator from Pennsylvania [Mr. PENROSE], which permits me to vote. I vote "nay."

Mr. HARRISON. The senior Senator from Alabama [Mr. UNDERWOOD] is unavoidably out of the city on account of a death in his family. He is paired with the senior Senator from Massachusetts [Mr. LODGE] who on this vote has transferred his pair. If the Senator from Alabama were present, he would vote nay on the pending question.

Mr. EDGE (after having voted in the negative). The Senator from Pennsylvania [Mr. PENROSE] having entered the Chamber and voted, I am compelled under the circumstances of my transfer to withdraw my vote, which I do.

The result was announced—yeas 17, nays 74, as follows:

YEAS—17.

Ashurst	France	Jones, Wash.	Shortridge
Borah	Harris	Kendrick	Trammell
Bursum	Heflin	Pittman	
Cameron	Johnson	Ransdell	
Caraway	Jones, N. Mex.	Sheppard	

NAYS—74.

Ball	Hale	Moses	Spencer
Brandeggee	Harreld	Myers	Stanfield
Broussard	Harrison	Nelson	Stanley
Calder	Hitchcock	New	Sterling
Capper	Kellogg	Newberry	Sutherland
Colt	Kenyon	Nicholson	Swanson
Culberson	Keyes	Norbeck	Townsend
Cummins	King	Norris	Wadsworth
Curtis	Knox	Oddie	Walsh, Mass.
Dial	Ladd	Overman	Walsh, Mont.
Dillingham	La Follette	Penrose	Warren
Elkins	Lenroot	Phipps	Watson, Ga.
Ernst	Lodge	Poindexter	Watson, Ind.
Fernald	McCormick	Pomerene	Weller
Fletcher	McCumber	Reed	Williams
Frelinghuysen	McKellar	Robinson	Willis
Gerry	McKinley	Simmons	Wolcott
Glass	McLean	Smith	
Gooding	McNary	Smoot	

NOT VOTING—5.

Edge	Page	Shields	Underwood
Owen			

So Mr. ASHURST's amendment was rejected.

Mr. GERRY. Mr. President, I ask that the amendment which I have sent to the desk may be reported.

The VICE PRESIDENT. The amendment is not in order at this time. It will have to be presented when the bill is in the Senate.

Mr. TRAMMELL. Mr. President, I send to the desk an amendment which I ask may be reported.

The VICE PRESIDENT. The amendment will be reported.

The ASSISTANT SECRETARY. On page 3, line 14, strike out the word "three-eighths" and insert in lieu thereof "one-eighth," so that if amended it will read:

16. Cotton having a staple of 1½ inches or more in length, 7 cents per pound.

Mr. TRAMMELL. On that I call for the yeas and nays.

Mr. HEFLIN. Let us have the yeas and nays on that.

The yeas and nays were ordered.

On a division, Mr. TRAMMELL's amendment was rejected.

Mr. TRAMMELL. Mr. President, I give notice that I will offer the same amendment in the Senate.

The VICE PRESIDENT. Notice is not required.

Mr. JONES of New Mexico. Mr. President, I send to the desk an amendment, and ask that it be read.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 3, after line 11, it is proposed to insert the following:

Sheep pelts, goatskins, and hides of cattle, raw or uncured, whether dry, salted, or pickled, 5 cents per pound and 15 per cent ad valorem.

Mr. JONES of New Mexico. On that amendment I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. LODGE (when his name was called). Making the same announcement as to the transfer of my pair as on previous votes, I vote "nay."

The roll call was concluded.

Mr. HARRISON. I desire to announce that if the senior Senator from Alabama [Mr. UNDERWOOD] were present, he would vote "nay."

The result was announced—yeas 37, nays 49, as follows:

YEAS—37.

Ashurst	Harreld	Myers	Sheppard
Borah	Hefflin	Nelson	Shields
Broussard	Jones, N. Mex.	Nicholson	Shortridge
Bursum	Jones, Wash.	Norbeck	Stanfield
Cameron	Kellogg	Norris	Sterling
Capper	Kendrick	Oddie	Trammell
Curtis	Kenyon	Pittman	Wadsworth
Fernald	Ladd	Poindexter	
Fletcher	La Follette	Ransdell	
France	McCormick	Robinson	

NAYS—49.

Ball	Glass	McNary	Swanson
Brandeggee	Gooding	Moses	Townsend
Calder	Hale	New	Walsh, Mass.
Caraway	Harris	Newberry	Walsh, Mont.
Colt	Harrison	Overman	Warren
Culberson	Keyes	Penrose	Watson, Ga.
Cummins	King	Phipps	Watson, Ind.
Dial	Knox	Pomerene	Williams
Dillingham	Lenroot	Smith	Willis
Elkins	Lodge	Smoot	Wolcott
Ernst	McCumber	Spencer	
Frelinghuysen	McKellar	Stanley	
Gerry	McKinley	Sutherland	

NOT VOTING—10.

Edge	McLean	Reed	Weller
Hitchcock	Owen	Simmons	
Johnson	Page	Underwood	

So the amendment of Mr. JONES of New Mexico was rejected.

The VICE PRESIDENT. The bill is still before the Senate as in Committee of the Whole and open to amendment. If there

be no further amendments proposed, the bill will be reported to the Senate.

The bill was reported to the Senate as amended.

The VICE PRESIDENT. The question is on concurring in the amendments made as in Committee of the Whole.

Mr. SIMMONS. I desire the yeas and nays on the passage of the bill.

Mr. REED. Mr. President, I understand that the final vote is about to be taken on the bill, and therefore, having reserved for a separate vote the amendment I offered as in Committee of the Whole, I now ask that the amendment be read to the Senate and that a separate vote be had.

The VICE PRESIDENT. The Secretary will state the amendment.

Mr. CURTIS. Mr. President, I rise to a question of order. Has the amendment agreed to as in Committee of the Whole been concurred in?

The VICE PRESIDENT. Not as yet.

Mr. CURTIS. Should we not vote on concurring in the amendment?

The VICE PRESIDENT. The bill is in the Senate, and the question is on concurring in the amendment made as in Committee of the Whole. Pending that the Senator from Missouri offers an amendment, which the Secretary will state.

The ASSISTANT SECRETARY. After section 202 as agreed to as in Committee of the Whole it is proposed to insert the following:

Whenever it is established to the satisfaction of the Secretary of the Treasury that merchandise upon which an import duty is levied by the United States is being commonly exported from the United States and is being commonly and generally sold in the countries to which exported at less than the same class or kind of merchandise is being generally sold or offered for sale in the United States, then the Secretary of the Treasury shall issue an order suspending and setting aside any import duty or tariff on the importation of the same or similar articles of merchandise into the United States, said order to remain effective so long as the condition aforesaid exists.

Mr. REED. I ask for the yeas and nays on that amendment.

The yeas and nays were ordered.

Mr. BRANDEGEE. Mr. President, I make the point of order against the amendment that it is not in order at this time. The question is upon concurring in the amendment made as in Committee of the Whole, and then, if the amendment is concurred in, the bill is still in the Senate and open to further amendment.

The VICE PRESIDENT. The amendment offered by the Senator from Missouri is an amendment to the amendment reported by the committee, and therefore is in order.

Mr. BRANDEGEE. Very well.

The VICE PRESIDENT. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Not being able to secure a transfer of my pair, I am not at liberty to vote. If at liberty to vote, I should vote "nay."

Mr. LODGE (when his name was called). Making the same announcement as before, I vote "nay."

The roll call was concluded.

Mr. SIMMONS. On this question I am paired with the junior Senator from Minnesota [Mr. KELLOGG], and withhold my vote.

Mr. HARRISON. I wish to announce that the senior Senator from Alabama [Mr. UNDERWOOD] is paired with the Senator from Massachusetts [Mr. LODGE]. On the pending question the Senator from Alabama, if present, would vote "yea."

The result was announced—yeas 40, nays 50, as follows:

YEAS—40.

Ashurst	Hefflin	Norbeck	Smith
Borah	Hitchcock	Norris	Spencer
Caraway	Johnson	Overman	Stanley
Culberson	Jones, N. Mex.	Pittman	Swanson
Dial	Kendrick	Pomerene	Trammell
Fletcher	Kenyon	Ransdell	Walsh, Mass.
Gerry	King	Reed	Walsh, Mont.
Glass	La Follette	Robinson	Watson, Ga.
Harris	McKellar	Sheppard	Williams
Harrison	Myers	Shields	Wolcott

NAYS—50.

Ball	Fernald	McCumber	Shortridge
Brandeggee	France	McKinley	Smoot
Broussard	Frelinghuysen	McLean	Stanfield
Bursum	Gooding	McNary	Sterling
Calder	Hale	Moses	Sutherland
Cameron	Harreld	Nelson	Townsend
Capper	Jones, Wash.	New	Wadsworth
Colt	Keyes	Newberry	Warren
Cummins	Knox	Nicholson	Watson, Ind.
Curtis	Ladd	Oddie	Weller
Dillingham	Lenroot	Penrose	Willis
Elkins	Lodge	Phipps	
Ernst	McCormick	Poindexter	

NOT VOTING—6.

Edge	Owen	Simmons	Underwood
Kellogg	Page		

So Mr. REED's amendment to the amendment made as in Committee of the Whole was rejected.

Mr. GERRY. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. In section 202, on page 17, line 7, after the word "imported," it is proposed to insert the word "dutiable"; and on line 8, to strike out the words "whether dutiable or free of duty," so that, if amended, the first part of the section will read:

SEC. 202. (a) That in the case of all imported dutiable merchandise of a class or kind as to which the Secretary has made public a finding—

And so forth.

Mr. GERRY. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Not being able to secure a transfer, I am not at liberty to vote. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. LODGE. Making the same announcement as before, I vote "nay."

Mr. HARRISON. I wish to announce that if the senior Senator from Alabama [Mr. UNDERWOOD] were present, he would vote "yea."

The result was announced—yeas 33, nays 56, as follows:

YEAS—33.

Ashurst	Heflin	Ransdell	Trammell
Caraway	Hitchcock	Reed	Walsh, Mass.
Culberson	Jones, N. Mex.	Robinson	Walsh, Mont.
Dial	King	Sheppard	Watson, Ga.
Fletcher	McKellar	Shields	Williams
Gerry	Myers	Simmons	Wolcott
Glass	Overman	Smith	
Harris	Pittman	Stanley	
Harrison	Pomerene	Swanson	

NAYS—56.

Ball	Fernald	Lenroot	Phipps
Borah	France	Lodge	Polindexter
Brandagee	Frelinghuysen	McCormick	Shortridge
Broussard	Gooding	McCumber	Smoot
Bursum	Hale	McKinley	Spencer
Calder	Harrell	McNary	Stanfield
Cameron	Johnson	Moses	Sutherland
Capper	Jones, Wash.	Nelson	Townsend
Colt	Kellogg	New	Wadsworth
Cummins	Kendrick	Newberry	Warren
Curtis	Kenyon	Nicholson	Watson, Ind.
Dillingham	Keyes	Norris	Weller
Elkins	Ladd	Oddie	Willis
Ernst	La Follette	Penrose	

NOT VOTING—7.

Edge	McLean	Owen	Underwood
Knox	Norbeck	Page	

So Mr. GERRY's amendment to the amendment made as in Committee of the Whole was rejected.

Mr. HARRISON. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Secretary will read the amendment.

The ASSISTANT SECRETARY. On page 26, line 13, insert the following proviso:

Provided, That the provisions of Title II of the pending bill shall not apply to barbed-wire fencing, plows, disk harrows, harvesters, reapers, agricultural drills, mowers, horse-rakes, cultivators, thrashing machines, cotton gins, wagons, carts, sewing machines, fertilizers of every kind and elements from which fertilizers are manufactured, jute, binding twine, cotton bagging, and agricultural implements of every character which are now on the free list, and when imported into the United States from any foreign country.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Mississippi to the amendment made as in Committee of the Whole.

Mr. HARRISON. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as before, I withhold my vote.

Mr. LODGE (when his name was called). Announcing again the transfer of my pair with the senior Senator from Alabama [Mr. UNDERWOOD] to the junior Senator from Vermont [Mr. PAGE], I vote "nay."

The roll call was concluded.

Mr. MYERS. The Senator from Arizona [Mr. ASHURST] has been compelled to leave the Senate on official business. If present, he would vote "yea."

The result was announced—yeas 32, nays 53, as follows:

YEAS—32.

Caraway	Heflin	Pomerene	Stanley
Culberson	Hitchcock	Ransdell	Swanson
Dial	Jones, N. Mex.	Reed	Trammell
Fletcher	King	Robinson	Walsh, Mass.
Gerry	McKellar	Sheppard	Walsh, Mont.
Glass	Myers	Shields	Watson, Ga.
Harris	Overman	Simmons	Williams
Harrison	Pittman	Smith	Wolcott

NAYS—53.

Ball	Frelinghuysen	McCumber	Smoot
Brandagee	Gooding	McKinley	Spencer
Broussard	Hale	McLean	Stanfield
Bursum	Harrell	McNary	Sutherland
Calder	Johnson	Moses	Townsend
Cameron	Jones, Wash.	Nelson	Wadsworth
Capper	Kellogg	New	Warren
Colt	Keyes	Newberry	Watson, Ind.
Cummins	Knox	Nicholson	Weller
Curtis	Ladd	Norbeck	Willis
Dillingham	La Follette	Norris	
Elkins	Lenroot	Oddie	
Ernst	Lodge	Penrose	
Fernald	McCormick	Phipps	

NOT VOTING—11.

Ashurst	France	Owen	Shortridge
Borah	Kendrick	Page	Underwood
Edge	Kenyon	Polindexter	

So Mr. HARRISON's amendment to the amendment made as in Committee of the Whole was rejected.

Mr. FRELINGHUYSEN. Mr. President, I offer the amendment which I send to the desk, and on it I ask for the yeas and nays.

The VICE PRESIDENT. The question now is on concurring in the amendment made as in Committee of the Whole, and the amendment proposed by the Senator from New Jersey is not now in order.

Mr. FRELINGHUYSEN. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator will state his parliamentary inquiry.

Mr. FRELINGHUYSEN. Is it necessary to reserve for a vote in the Senate an amendment which has been offered in the Committee of the Whole?

The VICE PRESIDENT. It is not.

Mr. FRELINGHUYSEN. Then the amendment I have just offered is in order.

The VICE PRESIDENT. The amendment offered by the Senator from New Jersey is to the body of the bill, and as the question now is on concurring in the committee amendment, the Senator's amendment is not in order.

Mr. KING. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator will state his parliamentary inquiry.

Mr. KING. In the Committee of the Whole I reserved a vote in the Senate on the amendment with respect to dyes and dyestuffs. Is it in order now to ask for a separate vote upon that amendment?

The VICE PRESIDENT. There is no provision by which a reservation can be made of a separate part; the reservation must be of the whole amendment.

Mr. KING. Am I to understand by that, Mr. President, that I must ask, then, for a vote upon the entire amendment?

The VICE PRESIDENT. Yes; that is the practice.

Mr. KING. My recollection was that it was agreed there should be a severance of the votes with respect to the amendment of the committee.

The VICE PRESIDENT. That was done in Committee of the Whole.

Mr. KING. Does not that extend to a vote upon each item in the Senate?

The VICE PRESIDENT. It does not, unless the Senate gives unanimous consent.

Mr. KING. Mr. President, I move to strike out from the bill Title V, and upon that I ask for the yeas and nays.

The VICE PRESIDENT. The Senator from Utah moves to strike out Title V.

Mr. WOLCOTT. A point of order, Mr. President.

The VICE PRESIDENT. The Senator from Delaware will state his point of order.

Mr. WOLCOTT. I understood that Title V was adopted in Committee of the Whole, and that when the bill came into the Senate all the amendments adopted as in Committee of the Whole were concurred in in the Senate.

The VICE PRESIDENT. They have not yet been concurred in. The question now is on concurring in the committee amendment.

Mr. KING. I am inclined to think that my motion was a little broader than was necessary. I move to strike out subdivision A of section 501, under Title V of the committee amendment.

The VICE PRESIDENT. Without objection, the Senator withdraws his former motion and now moves to strike out subdivision A of section 501 of Title V, on page 33. On that question the yeas and nays have been demanded.

The yeas and nays were ordered and taken.

Mr. PENROSE (after having voted in the negative). I observe that the Senator from Mississippi [Mr. WILLIAMS] has not

voted, and, as I have a general pair with that Senator, I withhold my vote.

Mr. LODGE. Making the same announcement as before, I vote "nay."

The roll call was concluded.

Mr. EDGE. Making the same announcement of my pair, and being unable to secure a transfer, I wish it to be recorded that if permitted to vote I would vote "nay."

Mr. MYERS. I wish to announce that the Senator from Arizona [Mr. ASHURST] is necessarily absent. If he were present, he would vote "nay."

Mr. HARRISON. I wish to announce that the senior Senator from Alabama [Mr. UNDERWOOD] if present would vote "yea" on this question.

Mr. PENROSE. I observe that the Senator from Mississippi [Mr. WILLIAMS] has entered the Chamber. So I will permit my vote to stand.

The result was announced—yeas 25, nays 63, as follows:

YEAS—25.

Borah	Harrison	Overman	Trammell
Caraway	Hitchcock	Pittman	Walsh, Mass.
Culberson	Kenyon	Pomerene	Walsh, Mont.
Dial	King	Shields	Watson, Ga.
Fletcher	La Follette	Smith	
Gerry	Moses	Smoot	
Harris	Myers	Stanley	

NAYS—63.

Ball	Glass	McKellar	Sheppard
Brandegee	Gooding	McKinley	Shortridge
Broussard	Hale	McLean	Simmons
Bursum	Harrell	McNary	Spencer
Calder	Heflin	Nelson	Stanfield
Cameron	Johnson	New	Sterling
Capper	Jones, N. Mex.	Newberry	Sutherland
Colt	Jones, Wash.	Nicholson	Swanson
Cummins	Kellogg	Norbeck	Townsend
Curtis	Kendrick	Norris	Wadsworth
Dillingham	Knox	Oddie	Warren
Elkins	Ladd	Penrose	Watson, Ind.
Ernst	Lenroot	Phelps	Weller
Fernald	Lodge	Poindexter	Willis
France	McCormick	Ransdell	Wolcott
Frelinghuysen	McCumber	Robinson	

NOT VOTING—8.

Ashurst	Keyes	Page	Underwood
Edge	Owen	Reed	Williams

So Mr. KING's amendment to the amendment made as in Committee of the Whole was rejected.

Mr. SIMMONS. Mr. President, I move to amend by striking out Titles II, III, and IV, the antidumping provision and the valuation provision. On that I ask for the yeas and nays.

Mr. LODGE. I ask that the amendment be stated. There is so much confusion in the Chamber we could not hear the Senator from North Carolina.

The VICE PRESIDENT. The amendment will be reported.

The ASSISTANT SECRETARY. From the amendment made as in Committee of the Whole the Senator from North Carolina moves to strike out all of Titles II, III, and IV.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). Making the same announcement as before, I wish to state that if permitted to vote, I should vote "nay."

Mr. LODGE (when his name was called). Making the same announcement as before of my pair and its transfer, I vote "nay."

The roll call was concluded.

Mr. EDGE. I transfer my pair with the Senator from Oklahoma [Mr. OWEN] to the Senator from Maryland [Mr. WELLER] and vote "nay."

Mr. HARRISON. On this question the senior Senator from Alabama [Mr. UNDERWOOD], if present and not paired, would vote "yea."

The result was announced—yeas 29, nays 61, as follows:

YEAS—29.

Caraway	Hitchcock	Reed	Walsh, Mass.
Culberson	King	Robinson	Walsh, Mont.
Dial	La Follette	Shields	Watson, Ga.
Fletcher	McKellar	Simmons	Williams
Gerry	Myers	Smith	Wolcott
Harris	Overman	Stanley	
Harrison	Pittman	Swanson	
Heflin	Pomerene	Trammell	

NAYS—61.

Ball	Dillingham	Jones, N. Mex.	McCumber
Borah	Edge	Jones, Wash.	McKinley
Brandegee	Elkins	Kellogg	McLean
Broussard	Ernst	Kendrick	McNary
Bursum	Fernald	Kenyon	Moses
Calder	France	Keyes	Nelson
Cameron	Frelinghuysen	Knox	New
Capper	Gooding	Ladd	Newberry
Colt	Hale	Lenroot	Nicholson
Cummins	Harrell	Lodge	Norbeck
Curtis	Johnson	McCormick	Norris

Oddie
Penrose
Phelps
Poindexter
Ransdell

Sheppard
Shortridge
Smoot
Spencer
Stanfield

Sterling
Sutherland
Townsend
Wadsworth
Warren

Watson, Ind.
Willis

NOT VOTING—6.

Ashurst	Owen	Underwood	Weller
Glass	Page		

So Mr. SIMMONS's amendment to the amendment made as in Committee of the Whole was rejected.

The VICE PRESIDENT. The question is on concurring in the amendment made as in Committee of the Whole.

The amendment was concurred in.

Mr. FRELINGHUYSEN. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Senator from New Jersey offers an amendment, which the Secretary will state.

The ASSISTANT SECRETARY. On page 3, line 24, after the word "pound," it is proposed to insert the following:

Except such wools as were purchased abroad prior to April 1, 1921, by individuals, firms, or corporations here, for importation into the United States.

Mr. FRELINGHUYSEN. I ask for the yeas and nays on the amendment.

The yeas and nays were not ordered.

Mr. FRELINGHUYSEN. I ask for a division.

On a division, the amendment was rejected.

The VICE PRESIDENT. The bill is in the Senate and is still open to amendment. If there be no further amendment to be proposed, the question is, Shall the amendment be engrossed and the bill be read a third time?

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The bill having been read a third time, the question is, Shall it pass?

Mr. SIMMONS. Upon that I ask for the yeas and nays.

The yeas and nays were ordered, and the reading clerk proceeded to call the roll.

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I transfer that pair to the Senator from Vermont [Mr. PAGE] and will vote. I vote "yea."

The roll call was concluded.

Mr. MYERS. I desire to announce that the Senator from Arizona [Mr. ASHURST] is necessarily detained from the Chamber. I am informed that if present he would vote "yea."

Mr. HARRISON. The senior Senator from Alabama [Mr. UNDERWOOD] is unavoidably absent. He is paired with the senior Senator from Vermont [Mr. PAGE]. If he were present, the senior Senator from Alabama would vote "nay."

Mr. EDGE. Making the same announcement as previously, that I have a general pair with the Senator from Oklahoma [Mr. OWEN], and not being able to secure a transfer, I withhold my vote. If permitted to vote, I should vote "yea."

The result was announced—yeas 63, nays 28, as follows:

YEAS—63.

Ball	Frelinghuysen	McCormick	Poindexter
Borah	Gooding	McCumber	Ransdell
Brandegee	Hale	McKinley	Sheppard
Broussard	Harrell	McLean	Shortridge
Bursum	Johnson	McNary	Smoot
Calder	Jones, N. Mex.	Myers	Spencer
Cameron	Jones, Wash.	Nelson	Stanfield
Capper	Kellogg	New	Sterling
Colt	Kendrick	Newberry	Sutherland
Cummins	Kenyon	Nicholson	Swanson
Curtis	Keyes	Norbeck	Townsend
Dillingham	Knox	Norris	Wadsworth
Elkins	Ladd	Oddie	Warren
Ernst	La Follette	Penrose	Watson, Ind.
Fernald	Lenroot	Phelps	Weller
France	Lodge	Pittman	Willis

NAYS—28.

Caraway	Harrison	Pomerene	Swanson
Culberson	Heflin	Reed	Trammell
Dial	Hitchcock	Robinson	Walsh, Mass.
Fletcher	King	Shields	Walsh, Mont.
Gerry	McKellar	Simmons	Watson, Ga.
Glass	Moses	Smith	Williams
Harris	Overman	Stanley	Wolcott

NOT VOTING—5.

Ashurst	Owen	Page	Underwood
Edge			

So the bill was passed.

Mr. PENROSE. Mr. President, I move that the Senate ask for a conference with the House of Representatives on the bill and amendment, and that the Chair appoint five conferees on the part of the Senate, that being the usual number in the case of revenue legislation.

The motion was agreed to; and the Vice President appointed Mr. PENROSE, Mr. McCUMBER, Mr. SMOOT, Mr. SIMMONS, and Mr. WILLIAMS conferees on the part of the Senate.

Mr. SIMMONS. Mr. President, during the general discussion of the bill which has just been passed there was practically no reference to that provision of the bill which relates to dyestuffs. There was no discussion to-day of that question until a very short time before the time limitation upon debate prescribed in the unanimous-consent agreement expired. Three times, I believe, after that discussion had been projected I attempted to get recognition for the purpose of answering some of the statements which were made with regard to this provision of the bill, but without success; and before I could get recognition the hour for voting without further discussion had arrived. I was thus precluded from making any reply to these statements and arguments.

I am not going to make a speech, Mr. President; I am simply going to make a statement. I will on some other occasion go into this question more fully.

The Senator from Nebraska [Mr. HITCHCOCK] has said that because there were large exportations of certain characters of dyes that are produced in this country there was, therefore, a great trust. I do not know myself whether there is any trust with respect to those particular dyes or not; but I do know that long before the act with reference to dyestuffs which was passed during the war there was an investigation into this subject, and it was then developed in that inquiry that there were certain kinds of dyes that had long been produced in this country; that long before that time that particular class of dyes were produced in this country largely in excess of the American demand, and there were and had been for some time heavy exportations of that character of dyes. I presume that that situation exists to-day. But, Mr. President, while before the war we were producing in this country certain kinds of dyes in quantities in excess of our demands, we were making only a very small part of the dye colors which were then and are now used in this country. We were not producing at all by far the greater part of the colors that were in common use in this country; and we were not prepared to produce and never had produced those by-products of the dye industry which were shown to be so essential in times of war for the defense of the country. Germany had an almost absolute monopoly of the production of these colors and these by-products.

In that situation, upon the recommendation and request of Woodrow Wilson, then President of the United States, we were called upon to act, by adopting the law the operation of which this provision extends for six months. The case presented itself to us not as a tariff question at all, but as a question of national preparedness and national defense; and without party divisions in this Chamber or in Congress we enacted the legislation which it is now claimed built up a trust which that enactment subsidizes. If we had not enacted that legislation, in my opinion, it is doubtful if we could have won the war.

It is a mistake to suppose that this provision of the bill changes that law. It does not. Not one line or one syllable is stricken out of or added to the Democratic enactment, then adopted for the national defense and imperatively demanded by the necessities and emergencies of that situation. After the war closed the President recommended as a peace emergency precaution further legislation along the same lines as a means of developing and strengthening this essential industry. By reason of the passage of the Knox joint resolution establishing peace between this country and Germany that enactment, which was a war measure, would, under the terms of its creation, become inoperative upon conclusion of peace. It is proposed here not to change that law, but simply to lodge in the Secretary of the Treasury the powers that we then placed in the War Trade Board and continue for six months longer the power and function that were created and invested in that board under this Democratic law. The purpose in both cases is to safeguard the national defense by insuring adequate and full preparedness.

Mr. President, I think it is the sense of this country that we have not yet reached that point in the development of the dye industry in this country where it is able adequately to meet the requirements of preparedness in case of war; so that, as I regard it and as I think it ought to be regarded, this is a mere extension of a provision necessary to the national defense until we can have reasonable time to develop that industry to the point of making it adequate to supply our demands in case of hostilities between this country and some other country in the world. It is important that we are prepared for all eventualities and that we propose to continue that state of preparedness.

It is not now, as it was not when we enacted it, a question of tariff. It is a question of national preparedness and national defense.

Mr. KING. Mr. President, I confess my regret at the vehement and passionate speech just submitted by the distinguished Senator from North Carolina [Mr. SIMMONS]. I take issue with some of his positions. I shall not take the time of the Senate now in the effort to controvert them, but if opportunity affords I shall reply to the Senator from North Carolina and those who have advocated what I conceive to be a dangerous and most extraordinary provision in this bill.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed a bill (H. R. 5010) making appropriations for the support of the Army for the fiscal year ending June 30, 1922, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTION SIGNED.

The message also announced that the Speaker of the House had signed the enrolled joint resolution (H. J. Res. 52) to authorize the Secretary of the Interior, in his discretion, to furnish water to applicants and entrymen in arrears for more than one calendar year of payment for maintenance or construction charges, notwithstanding the provisions of section 6 of the act of August 13, 1914, and it was thereupon signed by the Vice President.

NAVAL APPROPRIATIONS.

Mr. POINDEXTER. I move that the Senate proceed to the consideration of House bill 4803, being the naval appropriation bill.

The motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 4803) making appropriations for the naval service for the fiscal year ending June 30, 1922, and for other purposes, which had been reported from the Committee on Naval Affairs with amendments.

Mr. POINDEXTER. Many Senators have routine business that they desire to present to the Senate, and I yield for that purpose.

PETITIONS AND MEMORIALS.

Mr. WILLIS presented petitions of the Ohio Woman's Christian Temperance Union, of Columbus, and sundry citizens of Chardon, both in the State of Ohio, praying for the enactment of the so-called Volstead supplemental prohibition enforcement bill, which were referred to the Committee on the Judiciary.

He also presented resolutions unanimously adopted at the National Milk Marketing Conference, called by the American Farm Bureau Federation, in Chicago, Ill., May 3 and 4, 1921, favoring the enactment of legislation to foster a more extensive organization of dairy farmers in cooperative marketing associations, which were referred to the Committee on the Judiciary.

Mr. CAPPER presented a resolution adopted by the National Union of the Farmers' Union of America at a meeting held in Washington, D. C., April 20, 1921, favoring the enactment of legislation to make Liberty bonds United States currency without interest and acceptable in payment of debts, so as to restore confidence, stimulate production and industry, etc., which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the National Union of Farmers' Union of America at a meeting held in Washington, D. C., April 20, 1921, favoring certain amendments to the Federal reserve act, in the interest of agricultural producers, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the annual convention of the Kansas State Branch, National Association of Post Office Clerks, of Wichita, Kans., favoring the enactment of legislation to provide adequate compensation for postal clerks, which was referred to the Committee on Post Offices and Post Roads.

He also presented memorials of Wichita Lodge, No. 571, Brotherhood of Railway Clerks, of Wichita, and sundry citizens of Rossville and St. Marys, all in the State of Kansas, remonstrating against the enactment of legislation repealing the excess profits tax law and substituting therefor a sales or turnover tax; which were referred to the Committee on Finance.

REPORTS OF COMMITTEES.

Mr. PHIPPS, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 1072) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes," approved July 11, 1916, as amended and supplemented, and for other purposes, reported it without amendment and submitted a report (No. 40) thereon.

Mr. SPENCER, from the Committee on Military Affairs, to which was referred the bill (S. 1360) authorizing the award of the distinguished service cross or distinguished service medal provided for in the act of July 9, 1918, to Army officers brevetted for gallantry during the War with Spain, Philippine insurrection, or China relief expedition, reported it without amendment and submitted a report (No. 41) thereon.

Mr. SHIELDS, from the Committee on the Judiciary, to which was referred the bill (H. R. 4586) to amend the act entitled "An act to establish a code of law for the District of Columbia, approved March 3, 1901," and the acts amendatory thereof and supplementary thereto, reported it without amendment and submitted a report (No. 42) thereon.

Mr. ERNST, from the Committee on the Judiciary, to which was referred the bill (S. 1060) to amend an act entitled "An act to punish the transportation of stolen motor vehicles in interstate or foreign commerce," approved October 29, 1919, reported it without amendment and submitted a report (No. 43) thereon.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAPPER:

A bill (S. 1719) to amend an act entitled "An act to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes," approved December 23, 1913, as amended; to the Committee on Banking and Currency.

By Mr. RANDELL:

A bill (S. 1720) to authorize the President to reappoint in the Navy former officers of the Regular Navy who resigned subsequent to November 11, 1918; to the Committee on Naval Affairs.

By Mr. PHIPPS:

A bill (S. 1721) to vest title to school lands in the State in which the lands are situated if a proceeding is not instituted before the Department of the Interior within 12 years after the State is admitted to the Union, or within 12 years after the survey of the school land sections was approved, to determine whether such lands were of known mineral character; to the Committee on Public Lands and Surveys.

By Mr. McCORMICK:

A bill (S. 1722) to amend chapter 231, known as the Judicial Code, act of March 3, 1911, volume 36, United States Statutes at Large, section 79, page 1110; to the Committee on the Judiciary.

AMENDMENT TO ARMY APPROPRIATION BILL.

Mr. WARREN submitted an amendment proposing to increase the appropriation for encouragement of the breeding of riding horses suitable for the Army, including cooperation with the Bureau of Animal Industry, and for the purchase of animals for breeding purposes and their maintenance from \$150,000 to \$250,000, intended to be proposed by him to the Army appropriation bill, which was referred to the Committee on Military Affairs and ordered to be printed.

AMENDMENT TO NAVAL APPROPRIATION BILL.

Mr. BRANDEGEE submitted an amendment proposing to appropriate \$281,345 for central heating and power plant, quarters for commissioned officers and warrant officers, remodeling and relocating certain buildings, providing facilities for small boats, filling and grading and retaining walls, and purchase of additional necessary land at the Coast Guard Academy, New London, Conn., intended to be proposed by him to the naval appropriation bill, which was ordered to lie on the table and be printed.

PORTRAIT OF GEN. ANDREW JACKSON.

Mr. SHIELDS submitted the following resolution (S. Res. 75), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Library Committee of the United States Senate be authorized to purchase, if they can find one suitable, or to contract for the painting of, a portrait of Gen. Andrew Jackson, of Tennessee, and seventh President of the United States, to be hung in the Senate corridors or other appropriate place, along with the portraits of Washington and other Presidents of the United States, to be paid for out of the contingent fund of the Senate.

HOUSE BILL REFERRED.

The bill (H. R. 5010) making appropriations for the support of the Army for the fiscal year ending June 30, 1922, and for other purposes, was read twice by its title and referred to the Committee on Military Affairs.

APPOINTMENT OF POSTMASTERS.

Mr. CURTIS. Mr. President, I ask unanimous consent to have printed in the RECORD the President's order and statement with regard to the appointment of postmasters.

The VICE PRESIDENT. In the absence of objection, it is so ordered.

The matter referred to is as follows:

EXECUTIVE ORDER.

"When a vacancy exists or hereafter occurs in the position of postmaster at an office of the first, second, or third class, if such vacancy is not filled by nomination of some person within the competitive classified civil service who has the required qualifications, then the Postmaster General shall certify the fact to the Civil Service Commission, which shall forthwith hold an open competitive examination to test the fitness of applicants to fill such vacancy, and when such examination has been held and the papers in connection therewith have been rated the said commission shall certify the results thereof to the Postmaster General, who shall submit to the President the name of one of the highest three qualified eligibles for appointment to fill such vacancy unless it is established that the character or residence of any such applicant disqualifies him for appointment: *Provided*, That at the expiration of the term of any person appointed to such position through examination before the Civil Service Commission, the Postmaster General may, in his discretion, submit the name of such person to the President for renomination without further examination.

"No person who has passed his 65th birthday, or who has not actually resided within the delivery of such office for two years next preceding such vacancy, shall be given the examination herein provided for.

"If, under this order, it is desired to make nomination for any office of a person in the competitive classified service, such person must first be found by the Civil Service Commission to meet the minimum requirements for the office.

"MAY 10, 1921."

STATEMENT OF PRESIDENT ISSUED TO-DAY.

"There are more than 400,000 men and women participating in governmental work who are in classified service. All of these are under the permanent provisions of the civil service law and rules.

"These permanent rules provide for the certification of the highest three eligibles, from which list of three each necessary appointment is made. The successful operation of the principles of civil service law has demonstrated the wisdom of this provision. This leaves in the appointing power, who has the ultimate responsibility for efficient administration, the necessary constitutional right of choice. This right of selection is the kind of responsibility which can not legally be and is not abridged by act of Congress, and is in exact harmony with the spirit of the civil-service principle.

"There are 52,332 postmasters. Of these, 39,433 are in the fourth class, and are now under such civil service laws and regulations as bring them within the privileges and conditions of the classified service.

"Of the remaining 12,899 post offices, 700 are first class, 2,617 are second class, and 9,582 are third class. Obviously these offices are business agencies of the Government in legal purpose and should become so in fact. The only certain ultimate way to bring this about is to classify first, second, and third class postmasters. This will require an act of Congress. It is a step forward, measured by the requirements of progress, and is one which I hope will be made. Under existing laws the Executive has no power to require that these offices be placed in the classified service.

"Moving in that direction, however, the Executive order issued to-day provides that if any such vacancy is not filled by nomination for promotion of one from within the competitive classified civil service, then an open competitive examination shall be held and the appointment shall be made from one of the highest three eligibles, as required now by law in the classified civil service.

"This order, which is for our own guidance in making these appointments, will bring an operation squaring with the requirements of any probable future legislation.

"Under this order the kind of test and plan of investigation and examination which shall be provided for shall be approved by the President, and shall be based on the applicant's business training, experience, fitness, organizing and executive ability, and general qualifications for an efficient administration, and shall in no sense be a cloistered, scholastic examination which might result in a high grade in theory, but not a guaranty of efficiency in fact.

"This order applies to all present incumbents of post offices whose terms have expired, and will apply to all other incumbents as their present terms expire."

Mr. HARRISON. Mr. President, the Senator from Kansas has just asked and secured unanimous consent to have printed in the RECORD the new order touching the appointment of postmasters. I ask in connection with that, following that order as printed in the RECORD, that the original order of President Wilson, with his proclamation, be also included in the RECORD, in order that the difference in the two may be seen.

Mr. CURTIS. I have no objection to that.

The VICE PRESIDENT. Without objection, the matter referred to will be printed in the RECORD.

The matter referred to is as follows:

EXECUTIVE ORDERS BY PRESIDENT WILSON RELATING TO THE APPOINTMENT OF POSTMASTERS.

"MARCH 31, 1917.

"Hereafter when a vacancy occurs in the position of postmaster of any office of the first, second, or third class as the result of death, resignation, removal, or, on the recommendation of the First Assistant Postmaster General, approved by the Postmaster General, to the effect that the efficiency or need of the service requires that a change shall be made, the Postmaster General shall certify the fact to the Civil Service Commission, which shall forthwith hold an open competitive examination to test the fitness of applicants to fill such vacancy, and when such examination has been held and the papers in connection therewith have been rated, the said commission shall certify the result thereof to the Postmaster General, who shall submit to the President the name of the highest qualified eligible for appointment to fill such vacancy unless it is established that the character or residence of such applicant disqualifies him for appointment. No person who has passed his sixty-fifth birthday shall be given the examination herein provided for.

"APRIL 13, 1920.

"The veteran preference statutes shall apply in the selection of persons for appointment as postmaster at offices of the first, second, and third classes. When the highest eligible certified to the Postmaster General by the Civil Service Commission is not a veteran, but a veteran is among those certified as eligible, the Postmaster General may submit to the President for nomination the name of either the highest eligible or the veteran obtaining the highest eligible rating as the best interests of the service may require.

"OCTOBER 8, 1920.

"The Executive order of March 31, 1917, relating to post offices of the first, second, and third classes is hereby amended to read as follows:

"Hereafter when a vacancy occurs in the position of postmaster of any office of the first, second, or third class as the result of death, resignation, removal, or, on the recommendation of the First Assistant Postmaster General, approved by the Postmaster General, to the effect that the efficiency or need of the service requires that a change shall be made, if such vacancy is not filled by nomination of some person within the competitive classified civil service, who has the required qualifications, then the Postmaster General shall certify the fact to the Civil Service Commission, which shall forthwith hold an open competitive examination to test the fitness of applicants to fill such vacancy, and when such examination has been held and the papers in connection therewith have been rated, the said commission shall certify the result thereof to the Postmaster General, who shall submit to the President the name of the highest qualified eligible for appointment to fill such vacancy, unless it is established that the character or residence of such applicant disqualifies him for appointment. No person who has passed his sixty-fifth birthday or who has not actually resided within the delivery of such office for two years next preceding such vacancy shall be given the examination herein provided for."

Mr. PENROSE. Mr. President, it would be interesting, if the figures were available, for the Senator from Mississippi to ask to have printed in the RECORD a list of the Democrats appointed as postmasters in the United States prior to the Wilson civil-service order, and the number of Republicans decapitated—to use a current political phrase—in the middle of their tenure of office prior to the Wilson civil-service order.

Mr. HARRISON. I should have no objection to that, provided there should be put in also a list of the Democrats who are going to be decapitated now by the new order.

Mr. PENROSE. I know of none that are threatened with decapitation except for incredible inefficiency.

Mr. KING. While the Senator is suggesting that, I think he should put in the RECORD the number of Republicans who have been certified during the past year by the Civil Service Commission, particularly in the Senator's own State; because, from my observations, there have been more Republican postmasters appointed recently than there have been Democratic postmasters.

Mr. PENROSE. I am very glad to know it.

ADDRESS BY HON. HOMER S. CUMMINGS.

Mr. HARRISON. I ask unanimous consent to have printed in the RECORD an address made by Hon. Homer S. Cummings at a banquet given in Pittsburgh, Pa., on April 11.

Mr. CURTIS. I am obliged to object to that unless it goes to the Committee on Printing.

Mr. HARRISON. I shall not detain the Senate by reading it this afternoon.

BANKING AND CURRENCY COMMITTEE.

Mr. LODGE. Mr. President, owing to the increase in membership, there is a Republican vacancy existing upon the Committee on Banking and Currency. In order to fill that vacancy I move the adoption of the following order.

The order was read and agreed to, as follows:

Ordered, That the Senator from California, Mr. SHORTRIDGE, be assigned to service on the Committee on Banking and Currency to fill an existing vacancy.

NATIONAL BUDGET SYSTEM.

Mr. McCORMICK. Mr. President, I move that the bill (S. 1084) to provide a national budget system and an independent audit of Government accounts, and for other purposes, be printed showing the amendment of the House.

The motion was agreed to.

EXECUTIVE SESSION.

Mr. CURTIS. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 20 minutes spent in executive session the doors were reopened.

DEATH OF REPRESENTATIVE WILLIAM H. FRANKHAUSER.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, communicated to the Senate the intelligence of the death of Hon. WILLIAM H. FRANKHAUSER, late a Representative from the State of Michigan, and transmitted the resolutions of the House thereon.

Mr. NEWBERRY. I ask that the resolutions of the House be laid before the Senate.

The VICE PRESIDENT laid before the Senate the resolutions of the House of Representatives, which were read, as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. WILLIAM H. FRANKHAUSER, a Representative from the State of Michigan.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect this House do now adjourn.

Mr. NEWBERRY. Mr. President, I submit the following resolutions and ask for their adoption.

The resolutions (S. Res. 76) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. WILLIAM H. FRANKHAUSER, late a Representative from the State of Michigan.

Resolved, That the Secretary communicate these resolutions to the House of Representatives.

Mr. NEWBERRY. Mr. President, as a further mark of respect to the memory of the deceased Representative, I move that the Senate adjourn.

The motion was unanimously agreed to; and (at 5 o'clock p. m.) the Senate adjourned until to-morrow, Thursday, May 12, 1921, at 12 o'clock meridian.

CONFIRMATIONS.

Executive nominations confirmed by the Senate May 11 (legislative day of May 9), 1921.

GOVERNOR OF PORTO RICO.

E. Mont. Reilly.

UNITED STATES MARSHAL.

Peter H. Miller, for the northern district of Florida.

UNITED STATES ATTORNEY.

Thomas J. Muncey, for the western district of Virginia.

COLLECTORS OF CUSTOMS.

Charles H. Holtzman, for customs collection district No. 13, Willfred W. Lufkin, for customs collection district No. 4.

APPRAISER OF MERCHANDISE.

Samuel W. George, in customs collection district No. 4.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, May 11, 1921.

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, offered the following prayer:

Almighty God, wonderful and marvelous are Thy works and in our limitations we seek some new impulse which is a revelation of Thyself. We bless Thee for this day's privilege. Comfort the family of him who has fallen, and above the turbulent seas of their lives may they hear the Divine voice saying, *Peace, be still. Lo, it is I, be not afraid.* Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

ENROLLED BILL PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States, for his approval, the following bill:

H. J. Res. 52: Joint resolution to authorize the Secretary of the Interior, in his discretion, to furnish water to applicants and entrymen in arrears for more than one calendar year of payment for maintenance or construction charges, notwithstanding the provisions of section 6 of the act of August 13, 1914.

SENATE BILL REFERRED.

Under clause 2, Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 546. An act making an appropriation to pay the State of Massachusetts for expenses incurred and paid, at the request of the President, in protecting the harbors and fortifying the coast during the Civil War, in accordance with the findings of the Court of Claims and Senate Report No. 764, Sixty-sixth Congress, third session; to the Committee on War Claims.

FUTURE TRADING.

Mr. HAUGEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 5676, and pending that I desire to see if arrangement can be made as to limitation of time for general debate.

Mr. RAINEY of Illinois. How much time does the gentleman suggest?

Mr. HAUGEN. The suggestion is that the time be limited to three hours, if agreeable to that side, to be equally divided between the gentleman from Illinois [Mr. RAINEY] and the gentleman from Kansas [Mr. TINCHER].

Mr. ASWELL. May I ask if the debate will be confined to the subject matter of the bill?

Mr. HAUGEN. I am willing to include that in my request.

Mr. GARRETT of Tennessee. Do I understand the gentleman to include as part of his request that debate be confined to the bill?

Mr. HAUGEN. I am perfectly willing.

Mr. GARRETT of Tennessee. I hope the gentleman will not include it.

Mr. CAMPBELL of Kansas. It is not part of the request, but if it is desirable that could be done.

Mr. RAINEY of Illinois. There is no desire—

Mr. HAUGEN. In conferring with Members it seems to be the opinion that we should follow the usual rule and that general debate be not entirely confined to the subject matter.

Mr. RAINEY of Illinois. That is perfectly agreeable.

Mr. HAUGEN. Now, as to the time?

Mr. RAINEY of Illinois. Three hours is entirely satisfactory to this side, one-half to be in the control of this side.

Mr. HAUGEN. Mr. Speaker, I ask unanimous consent that general debate be limited to three hours, the time to be equally divided between the gentleman from Illinois [Mr. RAINEY] and the gentleman from Kansas [Mr. TINCHER].

The SPEAKER. The gentleman from Iowa asks unanimous consent that general debate be limited to three hours, half to be controlled by the gentleman from Kansas [Mr. TINCHER] and half by the gentleman from Illinois [Mr. RAINEY]. Is there objection?

Mr. BLANTON. Reserving the right to object, I would like to ask the gentleman, as chairman of the committee, if he would object to cotton being placed in this bill as well as grain?

Mr. STAFFORD. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is demanded. Is there objection? [After a pause.] The Chair hears none. The question is on the motion of the gentleman from Iowa.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 5676, with Mr. MADDEN in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 5676, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 5676) taxing contracts for the sale of grain for future delivery, and options for such contracts, and providing for the regulation of boards of trade, and for other purposes.

The CHAIRMAN. The gentleman from Kansas.

Mr. GARNER. Mr. Chairman, ought not the bill to be read?

The CHAIRMAN. Unless somebody asks unanimous consent to dispense with the reading.

Mr. GARNER. Nobody has asked unanimous consent as yet.

Mr. TINCHER. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. TINCHER. Mr. Chairman, I desire to be notified at the end of 20 minutes. Mr. Chairman and gentlemen of the committee, I do not want to take too much of the time of the committee in the discussion of this bill, because I realize now that the bill has many friends, and I do not care to take any chances on disturbing that situation. This is an old subject in the American Congress. I can remember when an illustrious predecessor of mine, Jerry Simpson, promised the people of my congressional district in 1896 that if he was elected to the Congress he would do away by law with all gambling in grain futures, and he said that the only reason that evil had not been cured long before was that Members came up here and were influenced by the grain exchanges. Mr. Simpson was a man of ability, a man of integrity, a man absolutely in sympathy with the people of his district, who were grain producers. He came here, and after returning home and there was not any legislation on the subject he was approached one day by a very good friend, who said, "Jerry, what happened; did the grain exchanges get to you?" He said, "No; I found out a whole lot of things about the grain market I did not know when I was making those speeches before." Subsequent to that time another illustrious Kansan introduced a measure, as chairman of the Committee on Agriculture, for the purpose of regulating the grain exchanges, which were at that time, as at all times since, recognized in Kansas and in the grain sections as operating the grain exchanges as a detriment to the producer of grain, and he came near getting the legislation, but all the time he was confronted with this proposition, that it was a dangerous subject to legislate on, because no one wanted to destroy what was then and is now known as legitimate hedging in grain dealing, and the culmination of that whole proposition was this, that boards of trade came here to the hearings, gave their version of the thing, and finally agreed to eliminate all the evils from the grain exchanges, and the legislation was abandoned. There was some merit in the abandonment of it, because it is said to be a dangerous thing to legislate on. The facts are that it will absolutely prove fatal to the producers of the country to destroy their only market facilities, while on the other hand there are the radicals on one side, who say that this bill will destroy it if you pass it, so there has been naturally some hesitancy about passing legislation along this line.

During the war the trading in futures in grain was prohibited by law, or by an arm of the Government created by law, and there was a time between the guaranteed price of wheat and the time that the boards of trade resumed trading in futures that has enlightened the American people considerably upon the necessity of gambling in food products. I refer now to the time between last May and last August. There was not any trading in grain futures during that time; there was not any gambling in grain, and the market, while there were changes in the price, was what might be called a stable one. The very day that the grain exchanges began to operate what they called the future market and began to gamble in grain, that day the fluctuations were manifest, and from that time on until to-day there probably never was in the history of our country a time when there was the difference between the price of the farmers' product and the price of the consumers' product. There never was a time when there was more vicious fluctuations in the market.

I introduced a bill last December, the first day of the convening of the short session of Congress, and we had hearings upon it and others that were introduced along the same line, covering 1,070 pages of testimony, taken from the best informed men in the world, concerning these markets and concerning production. The grain exchanges came here at that time from all the market centers and fought the bill, and said that they did not want any legislation; that legislation would

be ruinous to the market. And it was the old customary fight like we have had from grain exchanges and the packers for more than 25 years in this country. But the condition was so manifest to every producer in the country that the people were not satisfied to take that version of it. A man hauls in a load of wheat, after every bushel of this year's supply had been thrashed, and sells it one day, at 60 pounds weight to the bushel, for so much money, and then bringing in a load the next day he is informed by his buyer that he can not have by 20 cents what he received the day before. Then bringing in a load a week later, the market probably will be back, and not what it was before. There has been no change in the demand for wheat, no change in the visible supply of wheat, nothing influencing it or causing that fluctuation, but the pure, unadulterated, unmitigated gambling in the product. Still in the face of that there were those who contend that that was necessary in order to stabilize the market, when, in fact, there was not any stable market.

I introduced a bill again on the first day of this session of Congress, and we began hearing witnesses favorable to legislation along this line. Much to our surprise—and I say this, I think, for every member of the Committee on Agriculture—the grain exchanges took an entirely different view of the matter than what they had taken in December. Now, the bill has been changed some, but there are no changes in it that would warrant a change in the grain exchanges. I provided in the first bill that the hedge should be protected by giving permission to deal in futures of three times the quantity of grain actually handled in a year. In the present bill we get at the manipulation in a different way, but just as effectively. And I was convinced that the first proposition was the wrong way to reach it, because the testimony disclosed that there was a possibility, even under that measure, of manipulation of what is known as the corner. I am frank to say to this committee that when the representative of the first grain exchange that said that that bill was constructive left the committee with this remark, "I hope you will pass effective legislation on this subject during the Congress," it rather frightened me. I thought there was something wrong. I asked why this change of front. He said, "I will tell you. We have promised you repeatedly that we would eliminate the evils occurring in the grain exchanges"—some of these evils I will discuss a little later—"we got home and some of us eliminate the evil, but some little exchange will not, and we eventually have to come back to that evil in order to protect our own exchange."

But the people are so awake to these evils that the State legislatures are beginning to pass laws. The Minnesota Legislature passed a law this winter, and the intention of the author of it was to absolutely prohibit all dealing in futures. The law was revised in section 1. At the end of a hard fight up there some men who thought the hedge could not be eliminated from the trade got what they called section 3 in the law, and you will find it in the hearings, in a copy of the bill, and which practically destroys the law. However, in the State law no man on either end of the proposition of grain would feel safe to do business in the State of Minnesota. He would not know, until there was a construction of that law by some court, as to whether he was an outlaw or not. And the great State of Illinois—

Mr. YOUNG. Will the gentleman yield?

Mr. TINCHER. I will be glad to yield.

Mr. YOUNG. How would that law be affected by the one you are proposing to pass at this time?

Mr. TINCHER. My best information is that the trade is not affected by reason of what is called section 3, which was intended by the parties who substituted it in the bill to kill it. But the proposition is here, that they want legislation, and if we pass the Federal statute it would have a tendency to settle that thing and create uniformity.

I started to say that in Illinois there are some bills pending, and I am not going to take the time to read them to the committee here. There are a number of bills prepared in connection with those bills. The grain exchanges asked for delay in our hearings, saying that they had to go to the Illinois Legislature. But we told them to come here, and so they got a delay out there and came and gave their version of the matter before our committee. I received yesterday a brief of the bills that are pending in the Illinois Legislature, and I find that there is an element in that great State that thinks it should destroy the hedge, and the bills that are pending there would have that tendency.

Mr. HUDSPETH. Will the gentleman yield?

Mr. TINCHER. Gladly.

Mr. HUDSPETH. I am opposed to gambling in cotton futures. The gentleman does not represent a cotton country, but

my State was one of the pioneers in cutting the bucket shops out of it. Does the gentleman object to striking out the word "grain" and inserting "agricultural products," so that cotton can be introduced?

Mr. TINCHER. When I first introduced the bill I had the word "cotton" in it—

Mr. HUDSPETH. I will state to my friend that I wish he had kept it in there.

Mr. TINCHER. I will tell you why I did not. It was not because of any disrespect I had for cotton. I put it in there, thinking that the exchanges were operated along the same lines, but after talking with two or three members of the Committee on Agriculture from the cotton-growing section I changed my mind. That word "cotton" caused us more trouble than all the rest; it sounded like a bumblebee. Before I got through the first hearings on the proposition I found that there was not any unanimity among the men who represent the cotton growers. No two of them figured alike on regulating the cotton exchanges.

Mr. WARD of North Carolina. Mr. Chairman, may I interrupt the gentleman right there?

Mr. TINCHER. Yes.

Mr. WARD of North Carolina. I want to ask if the gentleman's investigation led him or his committee to any conclusion touching cotton, and whether he investigated the matter? Was any light thrown upon the subject of the cotton exchanges as distinguished from the grain exchange? I ask the question because, like the gentleman who rises at my left [Mr. HUDSPETH], I am intensely interested in the cotton question. To me it is much more important than the bumblebee. I do not doubt that it buzzes, but I would like to know if the investigation made by the gentleman threw any light on that question.

Mr. TINCHER. I will say that in the first hearing, although I have no personal knowledge of the cotton industry, so far as I am concerned, I was still of the opinion that the word "cotton" should be in the bill. There is an admitted difference of opinion among Members of Congress here from the cotton-growing section as to the effect it would have.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. TINCHER. Yes.

Mr. HUDSPETH. I want to ask my friend from Kansas a question. I was present at some of the hearings before the committee last session. It is a question regarding the bill which, I think, was introduced by the gentleman from Arkansas [Mr. CARAWAY]. I want to ask the gentleman, from the telegrams he saw there from the real planters in Texas, what is his conclusion as to the unanimity of the farmers in Texas regarding the prohibiting of gambling in futures in cotton? I think they were all handed to the gentleman.

Mr. TINCHER. The telegrams, I think, wanted us to prohibit the gambling in futures of cotton. That was the bill of Mr. CARAWAY, now Senator. He did not handle the situation exactly as I have. He did not believe in regulating the cotton exchanges. Senator CARAWAY's contention was that the cotton trade did not need the cotton exchange, and that it should be abolished. I did not figure that it was up to me to quarrel with the Congressmen from the cotton-growing section, and so, in order to get rid of a possible quarrel, I left it out of the bill and said to the committee very frankly that if it went in there it must come from the cotton producers and not from the men who grow wheat. I do not know the cotton trade, and I was not competent even to judge of the evidence on the cotton proposition.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. TINCHER. Yes.

Mr. BLANTON. Of course, all of us are interested in the grain question with the gentleman, I take it. But if we help the gentleman pass his grain bill, I do not think he will object to passing a proper regulatory measure respecting cotton.

Mr. TINCHER. I will be glad to help, and this has been my attitude on the Committee on Agriculture since I have been on it. Always I have said to the men who represent the cotton-growing districts on the Committee on Agriculture, "I am ready to cooperate with you," because I understood that it was an evil of the same sort that hung over the heads of producers in my country. I said, "I am with you."

Mr. HUDSPETH. I think any amendment in regard to cotton would be subject to a point of order. Would the gentleman insist on the point of order to an amendment including cotton in his bill?

Mr. TINCHER. I would say to the gentleman this, that if an amendment to this bill including cotton means that my bill can not have the one-half or one-third of the votes over here, I would want to make the point of order against it. If the men representing the cotton-producing sections of the country want cotton included, I will be glad to put it in, but I do not

want wheat to get under cotton and get run over and ground up. [Laughter.]

Mr. HUDSPETH. The gentleman is candid.

Mr. TINCHER. As is stated in the report on the bill, I do not contend for the bill that it will absolutely stop grain speculation or that it will stop trading in futures, and I do not want it to, because there is no other available marketing place for the grain. But we do claim for this bill that it will stop the pure, unadulterated gambling in grain, such as "privileges," "bids," "puts" and "calls," "indemnities," and "ups and downs," which have no connection with the grain itself, but which is pure gambling, and amounts to 20 per cent of the actual trading, and has a tendency to cause a manipulation of the market, which is in every instance against the producer and against the consumer, and to the profit of the pure gambler between.

We claim that section 4 of the bill, placing the grain exchanges under the supervision of the Secretary of Agriculture, will prove a valuable feature. I want to say to you that I have examined into it carefully, and it has this effect: Before a grain exchange can be designated as a marketing place it must show the Secretary of Agriculture that it is operated under certain rules and regulations; and, to make a long story short, those rules and regulations—

The CHAIRMAN. The gentleman from Kansas has consumed 20 minutes.

Mr. TINCHER. I will yield myself five minutes more.

Those rules and regulations must be such as will prevent the manipulation of the market. An examination of the bill by anyone will disclose the fact that he has power to make those rules in that direction.

There is another paragraph in this bill that I want to mention, and then, as I stated before, I will conclude before I have got some one started against the bill. [Laughter.] That is the provision authorizing the Secretary of Agriculture to compel the grain exchanges to permit the cooperative associations to have membership on the grain exchanges. That was not my idea originally. I do not want to steal it from anyone.

Mr. STEENERSON and several other Members of Congress had bills pending covering that proposition, and several of the States have passed laws covering that proposition, and when we had before our committee the present Secretary of Agriculture—and he is a man who has given this subject great study for many years—it was his opinion that while passing this legislation we should incorporate that feature in it. I want to say that our committee had by unanimous vote voted out at the last session of Congress Mr. STEENERSON's bill covering that point, and it was his opinion that we should take it; so we have stolen Mr. STEENERSON's bill and put it in here in one short paragraph.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. TINCHER. Yes.

Mr. CHINDBLOM. The gentleman used the word "gambling" in the beginning of his statement. Does the gentleman contend that every sale of grain for future delivery is gambling?

Mr. TINCHER. Oh, no.

Mr. CHINDBLOM. Will the gentleman tell us what legitimate trading there is on these exchanges and boards of trade?

Mr. TINCHER. A reading of the bill will convince the gentleman that we are permitting the sale of grain for future delivery, the sale of futures, so called, and we are permitting what is known as the legitimate trading in wheat. Under section 3 we are prohibiting that class of trade which can be nothing else than pure, unadulterated gambling.

Mr. CHINDBLOM. My main purpose is to make it clear, and I think it has not been made clear, that the gentleman does not classify all trading in futures on the boards of trade and exchanges as gambling.

Mr. TINCHER. I certainly do not classify it all as gambling, and have not in this bill. It is a technical question as to where legitimate trading ceases and gambling begins, and I do not propose to go into that technical discussion.

Mr. MCKENZIE. Will the gentleman yield?

Mr. BLANTON. Will the gentleman yield?

Mr. TINCHER. I will yield first to the gentleman from Illinois [Mr. MCKENZIE].

Mr. MCKENZIE. I should like to ask the gentleman from Kansas if it is the hope of the proponents of this bill that it will tend to stabilize the price of wheat when it is up and prevent the forcing of it down by speculation?

Mr. TINCHER. That is it, absolutely. For instance, after every bushel of wheat in the world is thrashed, after the world's demand for wheat is known, after the world's supply is known, there is no legitimate excuse for putting down the price of every bushel of wheat in the United States 20 cents on Monday

and then gradually bringing it back to its original price by Wednesday or Thursday of the following week. That is caused now by gambling, and it is the contention of the proponents of this bill that to do away with it will stabilize the market.

Mr. MCKENZIE. If that is true, I want to ask the gentleman, if the power to deal on the boards of trade in the manner that is now permitted will enable the dealers to force the market down 20 cents, would not that same law of trade permit the same men to force it up 20 cents? In other words, can you get rid of doing the one thing without destroying both?

Mr. TINCHER. Let me say to my friend that the fluctuation in the product produced in this way always operates against the producer. Now, I wish the gentleman would take the time to-night to read the 1,070 pages of testimony here, which will absolutely prove that fact, and you will not find any testimony to contradict any part of it.

Mr. MCKENZIE. I will be satisfied if I may ask one more question. My understanding of this bill is that its purpose is to make it possible for the producer of grain to get a better price for his product, and that it is not the purpose of this bill simply to abolish gambling on account of its immorality or to assume the character of an agent of morality.

Mr. TINCHER. The gentleman is entirely correct.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. TINCHER. I will take two minutes more.

Mr. CONNALLY of Texas. The gentleman says the purpose of this bill is, if the price of grain is high, to stabilize it so that it will remain high. Suppose the price of grain is low. Will this bill stabilize it to keep it low?

Mr. TINCHER. I did not say that if the price of grain was high it was a bill to keep the price high or that this would keep it high. Here is what I said, and I repeat it. I said when the world's supply of grain is known, when the world's demand for grain is known, the fluctuations from one week to another against the producer of 20 or 30 cents a bushel by the gambling in grain can not be defended, and that this bill is a step, at least, toward curing that evil, because it does eliminate a branch of the trade that is nothing else in the world except gambling.

Mr. CONNALLY of Texas. Will the gentleman yield further?

Mr. TINCHER. I have a great many demands for time.

Mr. CONNALLY of Texas. Right along that line.

Mr. TINCHER. All right.

Mr. CONNALLY of Texas. I am in sympathy with the gentleman's purpose, but because the gentleman is so well posted on this subject I am asking for information. What the gentleman is really trying to do, is it not, is to remove the artificial fluctuations and allow supply and demand really to control?

Mr. TINCHER. That is entirely correct.

Mr. CONNALLY of Texas. In view of the gentleman's investigation, does he think that this bill will measurably do that thing?

Mr. TINCHER. That is my sincere opinion. [Applause.]

The CHAIRMAN. The time of the gentleman has again expired.

Mr. TINCHER. I reserve the remainder of my time.

Mr. RAINEY of Illinois. I yield 20 minutes to the gentleman from Texas [Mr. Jones].

Mr. JONES of Texas. Mr. Chairman and gentlemen of the committee, while the grain exchanges of the United States may have performed some useful functions, at the same time there have grown up in connection with these exchanges certain abuses that have been detrimental both to the producers and the consumers. Under our present system of distribution these exchanges provide a ready market. At the same time the wild and continuous gambling that has taken place on them has more than counteracted the good which they have performed, has caused fluctuations in the market, and been detrimental to everyone who has any interest in the food supply of this country. To present a bill which would eliminate the evil features has been a difficult problem. I believe the bill which has been presented at least tends to accomplish this purpose.

I believe that in time a new system will grow up which will make the exchanges as they are conducted at present wholly unnecessary. An effort is now being made through a system of cooperative marketing to secure a substitute for the system which now prevails.

The grain production of this country is seasonable and the demand and need for it is regular and continuous. In other words, most of the grain is produced at a certain season of the year, while the consumptive demand lasts throughout the year. Under the present system of selling the legitimate exchange is considered by many to be beneficial. In other words, it is con-

tended that if a local buyer wishes to buy 20,000 bushels of wheat from the producer it would require some \$30,000 to handle the deal. This amount the local buyer in many cases, perhaps in most cases, does not possess. For various reasons it may be several days, several weeks, and in some instances several months before he can secure final delivery of wheat to the point of destination. The producer wants and needs his money now. The local bank can not afford to let the buyer have the money with which to buy the wheat, because if the price of wheat is greatly reduced the bank would lose money. Therefore the local buyer buys the 20,000 bushels of wheat, paying \$1.50 per bushel for it, and immediately sells a similar amount on the exchange for delivery at a future day at \$1.55 per bushel. He thus eliminates most of the speculative features of handling the wheat in so far as he is concerned. In other words, if wheat goes up he loses on one contract and gains on the other. If wheat goes down the operation is just the reverse. So that whichever way the market turns he has made approximately 5 cents per bushel, less the expense of handling. It is a form of insurance. By having the two contracts the bank can afford to let him have the money with which to buy the wheat, and the deal can be financed. This is what is called hedging.

Under the bill as prepared the Secretary of Agriculture is given supervision over all contracts that take place in the market. These contracts must be kept in writing. Heretofore the exchanges have kept no written records, so that there is no way of telling how much they have bought and sold on the market.

Gambling on such a gigantic scale, of course, should be abolished and the evils of the exchanges thus eliminated. One great problem in this country is that of distribution. We have, in a large measure, mastered the machinery of production; but in the peculiar economy of this Government the rights of the producers have been neglected. They have been unorganized. They have been forced to sell their produce at a price which they did not name and to buy what they used at a price that is always named. I hope that the passage of this bill will result in bettering their conditions and at the same time operate as a benefit rather than as a detriment to the final and ultimate consumer.

This bill is also intended to make the cornering of the market through manipulation impossible. This is very desirable. And if anyone on this floor can suggest an amendment which will strengthen the bill in this respect, I shall be glad to support it. I would like to see gambling in farmers' products abolished altogether.

This bill does not go as far as I would like to have it go, but is a step forward.

Mr. HUDSPETH. Will the gentleman yield for a question?

Mr. JONES of Texas. I will.

Mr. HUDSPETH. Does my colleague think the cotton exchanges are a benefit to the producer of cotton?

Mr. JONES of Texas. I do not think the cotton exchanges are. However, I believe that you would need some system of furnishing information to take their places. I want to say in connection with the cotton question which my friend raises here that I believe a bill should be drafted relative to the cotton exchanges. However, the cotton exchanges are wholly dissimilar to the grain exchanges. The system of handling them is different.

I want to say to my friend that I have never thought that pure gambling, where no delivery is contemplated, is necessary to a market for agricultural products. I want to see it abolished altogether.

Mr. ASWELL. Will the gentleman yield?

Mr. JONES of Texas. When I have finished this statement I will be delighted to do so. Here is one difference: Cotton is identified. You handle a specific bale of cotton. It is usually sold by sample. Wheat is standardized, and when a bushel of wheat goes into a bin you never again see that specific bushel of wheat. You simply sell so many bushels of wheat. The system of selling is altogether dissimilar. The grades and types are different. If some one who wants the cotton exchanges regulated along these lines will introduce a bill, I am sure the committee will be glad to pass it. They seem perfectly willing to do so.

Mr. ASWELL. Will the gentleman yield?

Mr. JONES of Texas. I will.

Mr. ASWELL. Does the gentleman know that this bill seeks to do for the grain exchanges what is already existing law in reference to cotton exchanges?

Mr. JONES of Texas. It is along similar lines, but you could not well make the same bill apply to the grain exchange as to the cotton exchange; the provisions would need to be different in order to be effective. If you want cotton regulated, it ought

to be a separate bill. You can not put in this bill the cotton situation without altering the provisions in this bill.

However, it is generally agreed that the man who deals in "puts," "calls," and "indemnities" contributes nothing to the furnishing of a market for actual grain, while the man who attempts to manipulate the market is a positive detriment to everyone concerned. This bill abolishes puts, calls, and indemnities absolutely, and undertakes to provide machinery whereby through a supervision of the Department of Agriculture manipulation of the market may be abolished or at least reduced to a minimum.

Mr. LAYTON. Will the gentleman yield?

Mr. JONES of Texas. Certainly.

Mr. LAYTON. The milk of the coconut is in section 3 of the bill.

Mr. JONES of Texas. Yes; a part of it.

Mr. LAYTON. And the particular milk here are the words "privileges," "bids," "offers," "puts and calls," "indemnities," or "ups and downs." What are they?

Mr. JONES of Texas. I was intending to come to that, but I will answer it now. A "put" is simply this—a man to-day pays, say, \$5 for the privilege of buying wheat at any time before the market closes to-morrow at \$1.50 per bushel. He thinks that wheat is going up. If to-morrow it goes up to \$1.60, he takes down the 10 cents. If wheat goes down, he loses \$5 per thousand. He does not buy wheat. He simply buys the privilege of buying wheat on certain terms and within a limited time. The "call" is just the reverse. He thinks wheat is going down and he pays \$5 for the privilege of selling at a specified price before the market closes to-morrow, say, at \$1.50. If wheat goes down, he demands the execution of the contract and takes down his margin.

In other words, these men simply stand in the pit and toss contracts for wheat back and forth without even contemplating the delivery of wheat. And that causes a great many slight fluctuations of the price of wheat, and they play upon these price fluctuations and are interested in making wheat fluctuate rather than remain steady. These men gamble on the bread supply of the Nation. They are useless parasites. They do not produce wheat. They do not buy actual wheat and they do not sell actual wheat.

Mr. LAYTON. That is interesting; but what of the rest of them?

Mr. JONES of Texas. The others are expressions covering the same thing. "Indemnity" is a synonym for "put" or "call." They are terms protecting these same transactions.

I will state that there is a market system and a market place. There are men who want to bid or gamble on the temporary fluctuations of that market. They go in and toss contracts back and forth on the market on the fluctuation. The trouble with these people is that they are interested in making the market fluctuate. They perform no useful function for the producer or the consumer. Their whole interest is to maintain not a steady and normal market but their interest is in making it fluctuate, and for that reason I think it is wise that they should be absolutely barred. This bill at least accomplishes that much.

Mr. WILSON. Will the gentleman yield?

Mr. JONES of Texas. Yes.

Mr. WILSON. I understand that the puts and calls proposition—one is a speculator and the other is a broker?

Mr. JONES of Texas. Yes; usually that is true.

Mr. WILSON. Does the gentleman know of any exchange that does not permit transactions of that character?

Mr. JONES of Texas. I do not.

Mr. WILSON. What position did the representatives of the exchanges who appeared before the committee take in relation to abolishing the ups and downs, puts and calls?

Mr. JONES of Texas. Some of them were willing to have them abolished, but most of them were not, on account of the revenue which the exchanges derive therefrom. Some of them said they were willing to have them abolished in view of the demand for legislation.

Mr. LAYTON. One more question, and then I am through.

Mr. JONES of Texas. I will yield to the gentleman.

Mr. LAYTON. If this bill is passed, they could not possibly make me pay a 20-cent tax if I wanted to sell 1,000 bushels of my own wheat?

Mr. JONES of Texas. Oh, no, no; that is provided for in the bill.

Mr. KINCHELOE. Will the gentleman yield?

Mr. JONES of Texas. Yes.

Mr. KINCHELOE. Did not the hearings also disclose that if this "put" and "call" proposition was done away with it would reduce the transactions 15 to 20 per cent?

Mr. JONES of Texas. Yes. Now, my objection to the put and call proposition is that these men are interested in causing the market to fluctuate. They live off of this business. In other words, they have the same relation to society and to the wheat business and to the public that the flea does to the dog—they live off the dog.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. JONES of Texas. I will.

Mr. MOORE of Virginia. Just what does the bill propose to do?

Mr. JONES of Texas. To do away with puts and calls by taxing them out of business and to regulate the markets by requiring a written record of every transaction that takes place, so that it will be subject to the supervision of the Secretary of Agriculture, who shall have the right, if the law is violated, to withdraw from that exchange its designation as a board of trade, and consequently its right to do business. In this way the Secretary will be in a position to prevent manipulation or cornering the market.

Mr. MOORE of Virginia. Am I correct in assuming that the bill contemplates that the speculative market shall be maintained under the supervision and sanction of the Secretary of Agriculture?

Mr. JONES of Texas. Under the conditions laid down in the bill, yes; but their activities will be very much restricted, and manipulation abolished.

Mr. MOORE of Virginia. Section 2 is a mere definition, and section 3 simply describes as illustrative of the transactions we wish to forbid certain special transactions, and the real heart of the bill is in section 4.

Mr. JONES of Texas. In a large measure that is true, but I think one of the strong parts is in section 3, because I think when you do away with the power of the gambler who performs no useful function you have done a good deal.

Mr. MOORE of Virginia. Section 3 would be ineffective because it is simply illustrative, except for the provisions of section 4.

Mr. JONES of Texas. Section 3 stands absolutely alone and taxes at 20 cents a bushel every contract that comes under the nature of a put and call; in other words, pure gambling transactions on the fluctuation of the market. It puts them out of commission and without regard to section 4.

Mr. MOORE of Virginia. And without regard to section 3 you would have section 4 speaking deliberately on future contracts.

Mr. JONES of Texas. Exactly.

Mr. KINDRED. Will the gentleman yield for a brief question with reference to the—

Mr. JONES of Texas. I will yield only for a question, because my time is limited.

Mr. KINDRED. As to the possible checks and restraints that might be necessary to place upon these associations from the standpoint of the consumer. Are there sufficient checks and restraints?

Mr. JONES of Texas. I think as a starter they will very greatly help. It is at least a step in the right direction. I will tell the gentleman there may be some strengthening to this bill to be made in the future. However, you can not afford to take the chance of killing these institutions outright or to destroy them until something is ready to take their place, and I believe there will be some day. In fact, I hope it will be soon.

Mr. BLANTON. Will 20 cents a bushel be sufficient to stop it?

Mr. JONES of Texas. Unquestionably.

Mr. BLANTON. Would it be constitutional?

Mr. JONES of Texas. I think so; we have the taxing power absolutely.

Mr. BLANTON. Then, in lieu of fixing 20 cents a bushel, why not just prohibit it entirely?

Mr. JONES of Texas. A constitutional question might arise in connection with such a provision.

Mr. BLANTON. I was simply asking the question whether the Supreme Court would permit you to do indirectly a thing that it would not permit you to do directly.

Mr. JONES of Texas. The Supreme Court has allowed us to go a long ways in the taxing power, and I think the wiser method is this course rather than to take the chance on the other.

Mr. HUMPHREYS. How much revenue does the gentleman estimate there will be?

Mr. JONES of Texas. Perhaps we would not get much. But if we can prevent the cornering of the market it will be worth while. It is not primarily for revenue purposes unless some one wants to proceed in a business that is not to the interest of the producer and consumer. In that event, if anyone wants to pay for the privilege, we might get some revenue.

Mr. HUMPHREYS. But that is not the purpose of the bill?

Mr. JONES of Texas. The primary purpose is to regulate the exchanges, and to do away with certain practices which have grown up in connection with the exchanges. This is the wiser way to do it.

Mr. HUMPHREYS. The purpose, as I understand, is to license the man to do that thing if he wants to do it.

Mr. JONES of Texas. No; the purpose is to place certain power and supervision in the hands of the Secretary of Agriculture whereby if he persists in doing some things that are considered deleterious, he can be effectually curbed.

Mr. BURTNESS. Will the gentleman yield for one or two questions for information as to the operation of the bill?

Mr. JONES of Texas. I will.

Mr. BURTNESS. Assuming that I own a thousand bushels of wheat in the fall of the year, and I think the wheat is going to go up, but I need the money and I desire to sell that wheat, and thinking that it is going to go up, I desire to buy a future of the same amount of wheat for future delivery. That, I take it, would not be prevented by section 3 of this law?

Mr. JONES of Texas. Not at all.

Mr. BURTNESS. Now then, would that be prevented, or could it be prevented by the operation of this law under subdivision (b) of section 4 of the bill?

Mr. JONES of Texas. I do not think so at all.

Mr. BURTNESS. Then the intent of the law is to save a proposition of that sort and not regard it as a gambling transaction?

Mr. JONES of Texas. That is correct. In other words, there is no intent to do away with legitimate trading.

Mr. BURTNESS. Could it be prevented under the rules and regulations to be issued by the Department of Agriculture provided for by the law?

Mr. JONES of Texas. No; not where you own the actual grain. That comes under section (a), which gives the absolute right to sell the grain for future delivery without any question at all.

Mr. BURTNESS. But I may want to sell my grain and get my money from the local elevator in the fall, because I need the money, and I want to buy back a future option because I think grain is going to go up. I want to sell that grain in the fall simply to take the place of keeping my grain in storage.

Mr. JONES of Texas. That is perfectly legitimate.

Mr. BURTNESS. That will be regarded, I take it, as a legitimate transaction?

Mr. JONES of Texas. Oh, yes.

Mr. BURTNESS. Now, the second question I want to get at is this. With the operation of subdivision (b) of section 4 of this act, how are you going to shut out dealing in futures that are purely speculative?

Mr. JONES of Texas. There is an absolute prohibition under section 3. There is no desire to forbid sales for future delivery.

Mr. BURTNESS. The things that are prohibited in section 3 are those things that are known as "privileges," "bids," "offers," "puts and calls," "indemnities," and "ups and downs," trade names applicable to specific transactions only.

Mr. JONES of Texas. After you have eliminated those if you are going to have a market for your product under the present system you have to permit a speculative market in order to have a broad liquid market. I am in favor of an entirely different system, based upon the law of supply and demand, and the first time I get a chance I shall vote for it. In the meantime I think this measure will be of some benefit.

Mr. BURTNESS. But my position is this: There are still transactions that would be regarded as speculative, and I take it that some of those at least can be transacted under subdivision (b) of section 4; but what I am getting at is—

Mr. JONES of Texas. But the manipulators try to destroy the law of supply and demand and set up an artificial market and thus win, right or wrong.

Mr. BURTNESS. How is it actually proposed to eliminate those?

Mr. JONES of Texas. There are certain conditions—

The CHAIRMAN. The time of the gentleman has expired.

Mr. JONES of Texas. May I have 10 minutes additional?

Mr. RAINEY of Illinois. I yield the gentleman 10 additional minutes.

Mr. JONES of Texas. The purpose of the whole proposition, or the main purpose of it, is to prevent a manipulation of the market—

Mr. BURTNESS. Certainly; but that is not entirely accomplished by this legislation. It is not yet covered by the legislation.

Mr. JONES of Texas. Under the provisions of section 4 the Secretary of Agriculture thought that under the instructions

there he would be able to make such regulations as would control those phases.

My friends, under the present system of marketing, if a local buyer was to produce 10,000 bushels of wheat from the producer, sometimes he could not deliver it at once. The local buyer will not be able to deliver it finally for several days, sometimes for several weeks, and in some instances several months. The local buyer does not have the money. It costs about \$15,000 to handle the transaction. He goes to the local banks, and the banks say to him that it may go down 20 cents a bushel or even 40 cents, and we can not afford to let you have the money. The buyer then says, "I will go to the exchanges and sell some 10,000 bushels of wheat for future delivery." He takes that contract, and leaves both contracts with his local bank. If wheat goes up, he gains on one contract and loses on the other; if it goes down, it operates just the reverse. So in either event he has made his commission.

In other words, so far as the local buyer is concerned, the gambling features of the situation are eliminated and he is able to operate on a much narrower margin than if he had to finance the whole transaction. This bill will not interfere with that kind of transaction which is known as hedging. But there are men who have lived off of this exchange business who never buy, never pay for, and never deliver a single bushel of grain. They own nothing in connection with this transaction; they contribute nothing to it; they own no farm; they own no mills. In other words, "They toil not and neither do they spin, and yet Solomon, in all his glory, was not arrayed like some of these."

Mr. BLACK. Will the gentleman yield?

Mr. JONES of Texas. I will.

Mr. BLACK. I have not had an opportunity to study this bill, but if I understand correctly there is no prohibition on any individual or corporation from contracting to sell the actual grain or contracting to buy it, provided he does it through one of these authorized exchanges?

Mr. JONES of Texas. Not at all.

Mr. BLACK. In other words, he really may be dealing on a pure speculative basis, but he must make an actual contract?

Mr. JONES of Texas. Yes.

Now, my friends, I believe that some day something is going to grow up in the way of a system of distribution that will make the present system of exchanges unnecessary. That is one of the pressing problems of to-day. The exchanges claim they do not cost the country any money; for the reason that there are enough suckers who come to pay the expenses; in other words, that the "lambs" pay the bill. I asked the president of one or two of these boards if it was not true that about 90 per cent of the inexperienced purchasers bulled the market; in other words, played on grain going up. And they all said that more than 90 per cent were of that character. In other words, the inexperienced buyer bets on grain going up; bulls the market. Then the professional buyer who takes the other side bears the market, at least, so far as those transactions are concerned, tries to depress the market. In other words, the experienced man is interested, in all these transactions, in depressing rather than in raising the market.

Now, I believe that we are going to develop in this country a system of distribution that will be better than this. I believe we should have a system of standardization of all agricultural products, and then concentration of those agricultural products near the point of production; then by a system of guaranteeing we should have in connection with this transaction a source of information to those who need grain, who need farm products, as to where the supply may be had. We will help to furnish to those people who have the supplies the points and places and people where the demand is located. In other words, there should be a system of direct connection between supply and demand, so that a man who needs a product will be able to have a direct method of connection with the man who produces the product. Now, this may not be used a great deal, but it will enable the consumer and the producer to beat down the middle man who is trying to profiteer and make the middle man operate on a legitimate margin of profit. I believe that the simple usage, or, rather, the availability, of such a method of distribution will enable the people of this country to do away in a large measure with the question of profiteering.

There were sold on the market in Chicago annually during the five years from 1914 to 1918 about 18,000,000,000 bushels of grain. There were delivered on that market about 325,000,000 bushels. In other words, there was sold on that market fifty-one times the amount of actual grain that was delivered. There was sold annually on that market during that period about three times as much grain as was grown in the world. Now, I do not believe it is necessary in the economy of

this country to have a lot of men supported—and the country must, after all, support them—who stand in the wheat pit and who stand in the exchange and engage in purely gambling transactions.

Mr. SNELL. Will the gentleman yield for a question?

Mr. JONES of Texas. I will.

Mr. SNELL. As I understand from your statement, a man is allowed under the provisions of this bill to buy and sell futures if he is doing it under the hedging contract?

Mr. JONES of Texas. Yes.

Mr. SNELL. But he is not going to do it if he is purely gambling? How are you going to tell which is which, and whether when I am selling I am doing it as hedging or as gambling? I am interested in getting information.

Mr. JONES of Texas. I will state this: That the words "gambling" and "speculation" are used by most of us not altogether with accuracy, and this bill will not forbid the actual making of a contract for future delivery. It will give the Secretary of Agriculture, by virtue of written reports on all transactions, the right to supervise the exchanges in their conduct of this business. It leaves a broad, open market on contracts for future delivery and on contracts of buying and selling all along the line.

Mr. SNELL. It seems that the exceptions in the bill as it stands at the present time would cover almost all contracts that a man could make.

Mr. JONES of Texas. There are no exceptions in section 3. Those particular phases would be absolutely abolished. One of the troubles of the grain market is this: They make no record. It is impossible to tell how much they sell. This requires a record to be made, and publicity will be a great help in connection with these matters. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. TINCHER. Mr. Chairman, I yield 20 minutes to the gentleman from Indiana [Mr. PURNELL].

The CHAIRMAN. The gentleman from Indiana is recognized for 20 minutes.

Mr. PURNELL. Mr. Chairman and gentlemen of the committee, I have no prepared speech to make on this subject, but I do want to call attention to some of the more important features of this legislation as they are proposed in this bill.

I may say, by way of introduction, that after several days of hearings I have somewhat changed my individual opinion of grain exchanges. I think there exists over the country a pretty general feeling that trading in futures and grain exchanges themselves have worked a hardship upon the producers of the country. But after a series of very thorough and exhaustive hearings I have come to the conclusion that in the interest of the producers of the country we must maintain many of the features of our present marketing system. I have no interest in the grain exchanges. I have not any of them in my district. If I looked at this matter from a purely selfish standpoint I would regard only the interests of the men who produce corn and wheat and oats and rye and such other products as are raised in my district. I represent a purely agricultural district. But the surprising conclusion that I have come to, which as I say is in conflict with my former hazy notions, is that the producers in my section of the country profit very largely in many of the transactions and processes of the grain exchanges.

The purpose of this legislation is to strike at the principal objection, to begin a process of elimination that will weed out those features of our marketing system that are injurious and retain those which are good. The committee agreed and all the witnesses have agreed that the one overshadowing evil that must be eliminated is manipulation. This bill provides, in so far as it is humanly possible to do so, for the elimination of manipulation upon these grain exchanges. We discovered from the various witnesses who came before our committee that hedging must be maintained, at least under our present system, and there is no thought in the proposed legislation of destroying the present system. We are firm in the belief that a reasonable amount of pure speculation is necessary under our present system in order that we may have a liquid market.

Mr. DUNBAR. Mr. Chairman, will the gentleman yield?

Mr. PURNELL. Yes.

Mr. DUNBAR. The gentleman says that a reasonable amount of speculation is necessary in order to maintain the market which will insure such prices as will be reasonable. Now, in sections 3 and 4 you impose a tax of 20 cents a bushel. How could any amount of reasonable speculation be indulged in that would cost 20 cents a bushel?

Mr. PURNELL. There are two kinds of speculation. Section 3 is designed to put an end to what is commonly known as "puts and calls." They are manipulative in character. I do

not know much about "puts and calls," but section 3 is designed to put an end to that practice, because that in itself is manipulative and embodies an intent to affect the market.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. PURNELL. Certainly.

Mr. SUMNERS of Texas. How does a put or call affect the price of spot wheat?

Mr. PURNELL. The gentleman has put a hard question to me to answer briefly and in detail. The gentleman perhaps knows what "puts" and "calls" are better than I. I will say, in a general way, that men will pay to-day for the privilege to-morrow of delivering or having delivered to them fictitiously any given number of bushels, and by that operation affect the price of spot wheat.

Mr. SUMNERS of Texas. How? I am at a loss myself to know. I do not want to take the gentleman's time, but I myself would like to know how that transaction affects the price of wheat. But I do not wish to annoy the gentleman. I will withdraw the question.

Mr. PURNELL. I do not know much about it. I think other gentlemen perhaps know and they can go into it.

There is another kind of speculation, and that is the kind of speculation that is engaged in by a group of men from day to day. It is of no use to call them anything other than gamblers. It is gambling. They have no wheat, no corn, no barley, no rye, no sorghum seed to sell. They have nothing to deliver. They never expect to deliver anything. They never expect to have anything delivered to them. They are speculators. They are gamblers. But for the purposes of this bill we refer to them as speculators. Speculating and gambling are synonymous terms, so far as this bill is concerned.

Mr. SNELL. Those speculators that you are describing are allowed under the provisions of this bill?

Mr. PURNELL. They are.

Mr. SNELL. Who is to judge whether they are good speculators or bad speculators?

Mr. PURNELL. Nobody is going to be called upon to judge as to who is a good speculator or a bad speculator.

Mr. SNELL. Who will draw that dividing line as to just how far we can go and not go and still be called good or bad?

Mr. PURNELL. If those people want to trade, they must trade under the provisions of this bill on a "contract market."

A "contract market" is one that is so designated by the Secretary of Agriculture, and if I have the time I want to explain to the gentleman why we put that machinery in the hands of the Secretary of Agriculture, why we give him the power to designate certain markets as "contract markets."

Mr. SNELL. If he designates a certain market as a "contract market" and I am a trader on that market, I can buy to any extent I want to on that market.

Mr. PURNELL. You can.

Mr. SNELL. And still be considered a good speculator?

Mr. PURNELL. The Secretary of Agriculture would not say whether you are a good speculator or a bad speculator, and he will not be called upon to say it. If you buy on a "contract market," it means that that market is under the supervision of the Secretary of Agriculture. Let me tell the gentleman the reason for designating a market a "contract market." Suppose you are a speculator and you want to buy on some market. If you avoid the tax, you do business on a "contract market," one that is designated by the Secretary of Agriculture. The reason for designating certain markets as contract markets is just this: We do not want the Secretary of Agriculture to interfere with the business, but we want him to know about it. Before these markets can be designated as "contract markets" under section 5 of the bill they must comply with certain requirements. One of the principal requirements is that they must furnish the Secretary of Agriculture certain information. We all know and the country knows that the thing which has created more suspicion and more doubt in the minds of the people of the country than any other one thing is the lack of information in regard to these grain exchanges. I said in the beginning that I personally have a different opinion to-day from that which I held when we began these hearings, because I have found there are good features about grain exchanges. The whole suspicion in the public mind to-day grows largely out of the fact that we lack information. In this bill we give the Secretary of Agriculture the power to get information, because before any of these grain exchanges can be designated as "contract markets" they must agree to do certain things, and if they do not do those things they can be suspended for a period of six months and may have their permits or designations revoked entirely.

Mr. SNELL. What do you mean by information—a statement of the number of bushels bought and sold?

Mr. PURNELL. That is one thing. They must furnish, if called upon, records and reports. They must provide for the prevention of manipulation as well as prevent the issuance of fake crop reports, and so forth.

Mr. SNELL. The gentleman who preceded you told how many bushels had been sold on the grain exchanges of the country in a certain number of years. How did he get that information?

Mr. PURNELL. That has been compiled very inaccurately by digging it out—

Mr. SNELL. There is nothing definite about it?

Mr. PURNELL. By digging it out through the Federal Trade Commission and some of the other commissions that have had charge of getting information. I can not tell the gentleman exactly how it is reached, but it is unsatisfactory and inaccurate, and we want to get that information. It has been estimated by various people that a single bushel of grain may be dealt in on the Chicago Board of Trade, for example, as many as thirty times. Nobody knows whether that is true or not, and we want to get at the bottom of that situation and find out.

Mr. RAKER. Will the gentleman yield?

Mr. PURNELL. I yield to the gentleman from California.

Mr. RAKER. Right in connection with the question of speculation I find this in the report in explanation of what the gentleman has started to say. I find this sentence in the report and I wish the gentleman would explain it to the committee. It is as follows:

And while it will not abolish speculation, or what is known to the trade as legitimate trading, it will absolutely destroy manipulation, and it will make for uniformity among different markets.

Just what distinction does the gentleman or the committee make in regard to that—between speculation and manipulation?

Mr. PURNELL. The gentleman means to ask what is the distinction?

Mr. RAKER. When this report says this bill will not prohibit speculation, what does it mean?

Mr. PURNELL. We can not prohibit speculation as long as we maintain our present system.

Mr. TINCHER. I think the gentleman from California wants the gentleman from Indiana to tell him the difference between manipulation and speculation.

Mr. SNELL. I think that is a very important proposition.

Mr. PURNELL. It is very important. I will answer the gentleman's question by reading from the hearings.

Mr. RAKER. All right.

Mr. McDUFFIE. You can not manipulate without speculating.

Mr. PURNELL. You can not manipulate without speculating, but you can speculate without manipulating.

Mr. RAKER. Are not most of the speculators manipulators?

Mr. PURNELL. All of the manipulators are speculators, but very few of the speculators are manipulators.

Mr. SUMNERS of Texas. Will the gentleman yield for a suggestion?

Mr. PURNELL. Yes.

Mr. SUMNERS of Texas. For instance, a speculator would be a man who would go in and make an individual transaction on the board, but a manipulator would be a man or a group of men who would undertake to corner the market.

Mr. PURNELL. By buying large quantities.

Mr. SUMNERS of Texas. Not only by buying large quantities on future contracts, but by undertaking to control the stock market also at that particular time.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. PURNELL. I will be glad to yield.

Mr. WILLIAMSON. Will this bill put an end to local bucket shops all over the country?

Mr. PURNELL. I think most of the States have laws prohibiting bucket shops now.

Mr. WILLIAMSON. Here is a man who is buying on a margin in his local town through a bucket shop or local broker. I am wondering if this bill will put a stop to that kind of speculation or whatever you choose to call it.

Mr. PURNELL. Yes; it will, because the men who buy under the present bucket-shop system will not have any place to buy unless they do business through a contract market.

Mr. WILLIAMSON. Can they put in their bids by wire and have them accepted by wire?

Mr. PURNELL. Of course you can not stop men from betting on the price of grain any more than you can stop men from betting on a ball game or a horse race.

Mr. VOIGT. The bucket shop is wiped out in this bill, because a bucket shop is not a contract market.

Mr. PURNELL. The gentleman is exactly right. I want to read from the hearings what I started to read a moment ago.

Mr. CHINDBLOM. Can a bucket shop operate if it pays the tax?

Mr. TINCHER. Not long on 20 cents a bushel.

Mr. CHINDBLOM. I am asking whether this bill makes it possible for a bucket shop to operate.

Mr. PURNELL. If they paid 20 cents a bushel on each bushel of grain involved in the transaction, I suppose they could do business.

Mr. TINCHER. Not long.

Mr. CHINDBLOM. That raises the question whether they could evolve a system under which they can take care of the tax, but the point I wish to make is that you are not wiping out the bucket shop.

Mr. PURNELL. I asked Mr. Hoover this question: "It has been stated to this committee that this class of traders—referring to the speculators who have no grain to sell and never expect to have any delivered—this class of traders are necessary in order to give liquidity and flexibility to the market. Is that your view?" And Mr. Hoover answered, "This is my impression. I do not believe anyone could determine its accuracy without actual experiment, but my impression is that a certain amount of speculation is necessary in order to get liquidity—a ready market. I do not regard that as especially harmful, for some one must in effect carry the surplus. The real harm is from the man who goes into the market with the deliberate intent of manipulating the price by the continued pressure of selling or buying."

Mr. RAKER. Here is a man who is speculating, who is betting on the price of grain, and is not he a first-hand manipulator, too?

Mr. PURNELL. I will say that the man who buys 10,000 bushels of grain or sells 10,000 bushels of grain with the idea that the grain will advance or decrease in price can not by such a small transaction hope to affect the market. If a man attempts to manipulate the market he must buy or sell in such large quantities as to bring enough pressure to bear to affect that market.

Mr. RAKER. Is not that transaction purely and entirely a gambling transaction?

Mr. PURNELL. I think so, but I am not discussing the moral question involved. We have to recognize the fact that in this country there is a great system of exchanges and that they perform certain legitimate functions. As I said a minute ago, there is no use in trying to camouflage terms. Speculation involves the sale or purchase of products that a man never expects to have delivered, or never expects to deliver, and yet men who are more or less unbiased, men like Julius Barnes, who served as head of the Grain Corporation, Herbert Hoover, and every representative of the farmers' organizations, when we boil down their testimony, agreed in substance that we must of necessity have a certain amount of speculative dealing. Why? Because there are certain seasons of the year when there is no demand for the farmer's product. There are times when men have thousands of bushels of products to sell and nobody to buy. Now, here is a group of men known as speculators who are ready to buy and sell every day, who furnish and give flexibility to the market. They are called insurers, because they do provide a ready market every day for farmers' products.

Mr. BURTNESS. Will the gentleman yield?

Mr. PURNELL. Yes.

Mr. BURTNESS. Suggestions were made a minute ago that the bucket shop would be eliminated. Assume that the Duluth or Minneapolis Board of Trade established by the Secretary of Agriculture is a contract market, and assuming that a member of that board of trade desires to establish a branch office in the State of Indiana or in North Dakota; do you mean to say that you or I or some member of the public could not go to that branch office and say, "I desire to buy or sell 10,000 bushels of wheat for May or September delivery"?

Mr. PURNELL. The branch house is to be under the control of the Secretary of Agriculture?

Mr. BURTNESS. The branch house is a branch of the board of trade, and, under the provisions of the law, declared by the Secretary of Agriculture to be a contract market. Can that be done under the provisions of subdivision b, section 4?

Mr. PURNELL. The gentleman recognizes the fact that there will be evasions of the law, of course.

Mr. BURTNESS. That is not an evasion of the law; that is a provision of the law.

Mr. PURNELL. What is the purpose of organizing the branch house?

Mr. BURTNESS. They might need that legitimately.

Mr. PURNELL. If they do, it is proper; and I see no reason why they should not. The whole system is put under the management and supervision or surveillance of the Secretary of

Agriculture. He is given a great deal of authority and a great deal of power. The most important thing he is permitted and empowered to do under this law, in my judgment, is to make investigation and keep in touch with the concerns and know what they are doing.

Mr. BURTNESS. I am in thorough accord with the purposes of the law, but what I was trying to bring out is whether it goes far enough. Does the gentleman believe that with sales for future delivery, eliminating puts and calls, there would be any less speculative gambling under the operation of this law, particularly under subdivision b, section 4, than there has been in the past?

Mr. PURNELL. I hope so.

Mr. McLAUGHLIN of Michigan. Will the gentleman yield?

Mr. PURNELL. Yes.

Mr. McLAUGHLIN of Michigan. The gentleman from California [Mr. RAKER] asked the gentleman who has the floor the definition or difference between a speculator and a manipulator. The gentleman will recall that Mr. Crosby, of Minneapolis, gave us a definition which at the time seemed to be a good one. Perhaps it will be helpful to the gentleman from Indiana and interesting to the gentleman from California if we read that definition.

Mr. PURNELL. I will be glad to have the gentleman read it.

Mr. McLAUGHLIN of Michigan. It is this:

Speculator: One who deals under existing conditions as he interprets them but does not attempt to alter them.

Manipulator: A speculator who by reason of the large quantities in which he deals attempts to force artificial conditions or to exaggerate conditions for his own advantage.

Further along Mr. Crosby, in answer to a question of mine, said:

The manipulator is the man dealing in huge quantities, not to cover actual transactions but to produce an unnatural and undue influence either of depression or advance, thus creating a situation which interferes with the free play of prices and introduces into legitimate operations elements of danger and uncertainty and hazard. It would be represented by enormous dealings for one man or one director of a deal.

Mr. J. M. NELSON. May I ask the gentleman from Kansas a question? I take it the Internal Revenue Office will collect the taxes?

Mr. PURNELL. It is provided for in section 7, I will say in answer to the gentleman's question.

Mr. J. M. NELSON. And the Internal Revenue Office will then have to classify what is a manipulator and what is a speculator, will it not?

Mr. PURNELL. It would be very hard I think to determine—

Mr. J. M. NELSON. Will all be manipulators or all be speculators?

Mr. PURNELL. Two classes of transaction are taxable. The 20 cents a bushel is levied upon transactions, in addition to the tax now imposed, upon every privilege or option contract, either of purchase or sale of grain, intending thereby to tax the transaction known to the trade as "privileges," "bids," "offers," "pits and falls," "indemnities," or "ups and downs."

The CHAIRMAN. The time of the gentleman has expired.

Mr. TINCHER. I yield the gentleman five minutes additional.

Mr. J. M. NELSON. Let me make it clear. The gentleman is reading there from section 3. The point is this: I am trying to find out whether this bill is simply bow-legged so that the gambling hog can run through it or whether the size is to stop it. In other words, the Internal Revenue then must fix the tax and will tax somebody, and will not they then have to determine which are manipulators and subject to tax and which are not?

Mr. PURNELL. The gentleman understands the tax would be paid by the seller.

Mr. CHINDBLOM. If the gentleman will yield, does not this bill in effect provide that the Secretary of Agriculture shall determine what is reasonable speculation and what is unreasonable speculation? In other words, the Secretary of Agriculture shall determine when you stop gambling and when you do not stop gambling?

Mr. PURNELL. I think the gentleman is partially correct.

Mr. CHINDBLOM. Is not that so in paragraph (b) of section 5?

Mr. PURNELL. Of course that is a hard thing to determine. It is as one of the brightest witnesses who appeared before our committee said—it is hard to tell when a pig becomes a hog or night becomes day. You must allow some reasonable amount of latitude to the Secretary of Agriculture.

Mr. J. M. NELSON. It is only a question of size.

Mr. PURNELL. And the successful operation of this law necessarily depends upon the men charged with its enforcement.

Mr. CHINDBLOM. There are very few laws, indeed, where an executive officer determines what is a crime and what is not.

Mr. PURNELL. I refer to an instance where we lodge blanket authority with an individual or an official.

Mr. CHINDBLOM. The Secretary of Agriculture simply requires the exchanges to have certain rules and regulations. Now, in the report it is said these will eliminate manipulation by their own rules, and they all have that rule now. What—

Mr. PURNELL. I think the exchanges are just as anxious as the producing public to eliminate manipulation. I was impressed with the fact in the hearing that under the law as it is proposed they will be able further to do that very thing.

Mr. DYER. What is the meaning of manipulation?

Mr. PURNELL. The gentleman, I am afraid, just came in. I have been discussing manipulation for some time.

Mr. DYER. I know the view the gentleman from Kansas had about it.

Mr. PURNELL. Manipulation in this bill has reference to "puts and calls"—

Mr. CHINDBLOM. What is the general attitude of the exchanges on this point?

Mr. PURNELL. Well, I will say to the gentleman in answer to that question, as far as I know everybody favors this legislation.

Mr. HUTCHINSON. Will the gentleman yield?

Mr. PURNELL. In just a moment. I was equally surprised with the gentleman from Kansas [Mr. TINCER] when we discovered that the grain exchanges themselves look with considerable favor upon this legislation, and the representatives of the farmers' organizations are also favorable to it, as are all the people who represented the producing public before the committee. The Secretary of Agriculture was and, as far as I know, everybody is reasonably favorable to this legislation. Now I will yield to the gentleman.

Mr. HUTCHINSON. Will the gentleman explain about section 3? As I understand this bill it protects hedging. How can you hedge without bidding, because a man to hedge has got to buy and another man has got to sell.

Mr. TINCER. If the gentleman will permit, the words used in section 3 are the words used by the different exchanges in operation in the United States, and have exactly the same meaning, and will not at all affect trading in futures, such as the gentleman from New Jersey is interested in, but they are used in that connection so as to cover what are considered puts and calls.

Mr. PURNELL. In other words, they have a specific meaning.

Mr. HUTCHINSON. I know they have a specific meaning in gambling, but I want to know how you can hedge without buying or selling?

Mr. TINCER. Those words are synonymous—

Mr. PURNELL. Those words are a common quotation of the market, and they have a specific meaning.

Mr. HUTCHINSON. They are in the law here just the same.

Mr. BLANTON. Will the gentleman yield?

Mr. PURNELL. With pleasure.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. I ask that the gentleman be given two minutes.

Mr. PURNELL. May I ask the gentleman from Kansas if I can have five additional minutes?

Mr. TINCER. I will yield the gentleman five additional minutes.

Mr. BLANTON. All the gentlemen of the committee state the purpose of this law is to put the present exchanges out of business. The gentleman from Indiana indicated that the present exchanges were favorable to the passage of this resolution. I want the gentleman now simply to explain, if he can to my satisfaction, why the present exchanges could be favorable to legislation that will put them out of business?

Mr. PURNELL. I think the gentleman has misunderstood if he understood anyone to say that the purpose of this legislation is to abolish grain exchanges.

Mr. BLANTON. No. I mean the present exchanges as conducted now, with puts and calls.

Mr. PURNELL. That is not the intention of it at all. They are perfectly willing to abolish "puts and calls," because they are manipulative in character, and they are just as anxious, I firmly believe, in wiping out manipulation as any member of the committee is.

Mr. BLANTON. The customers of the exchanges are merely pawns for the manipulators, are they not?

Mr. PURNELL. I do not know about that.

Mr. NEWTON of Minnesota. This is true, is it not, that quite a number of the large exchanges have themselves abolished puts and calls, and did it some years ago?

Mr. PURNELL. They have taken, I understand, every step possible to prevent manipulation.

Mr. NEWTON of Minnesota. I know that is true in the Minneapolis Exchange. Puts and calls have been abolished there.

Mr. PURNELL. At least it was so represented before the committee. It is not possible for us to go back of that.

Mr. LAYTON. Will the gentleman yield?

Mr. PURNELL. I will.

Mr. LAYTON. I understand that legitimate exchanges are in favor of this bill because they expect it will put the ordinary bucket shop out of business?

Mr. PURNELL. I hope it will put the bucket shops out of business. And the principal thing, as I see it, to be accomplished by this bill is to bring the business within the supervision of the Agricultural Department, not to the extent that it can be controlled by the Government, because none of us want Government control or ownership, but in order that the Secretary of Agriculture may know more about the business and determine what markets are fit markets to be designated as "contract markets."

Mr. RAKER. Will the gentleman yield for another question? He seems to have given this matter extraordinary care and attention. It has been stated on the floor of the House many times that last year's crop was sold about fifteen times over, if not more.

Mr. PURNELL. The estimates are that it was sold from fourteen to thirty times over, I think.

Mr. RAKER. That is better yet, so far as the question I want to ask is concerned. Would this bill if carried to-day eliminate that selling of the grain from fifteen to thirty times in the future?

Mr. PURNELL. I can not answer that by yes or no. I do not know whether it will or not. The chances are, if I may say it to the gentleman frankly, it may not interfere with that at all. The question we must determine, however, is whether the sale over and over again of the specific number of bushels of grain affects, one way or the other, the price.

Mr. RAKER. Grain that does not exist?

Mr. PURNELL. That does not exist.

Mr. RAKER. I just imagined from what I had heard that the people were against this method of gambling by which grain may be sold fifteen to thirty times and affect the producers in that way.

Mr. PURNELL. The gentleman will be surprised if he will read the hearings to learn how unanimous witnesses are in approving certain speculative features of the present system.

Mr. RAKER. One more question and I will finish. Are the representatives of the producers of grain in this country in favor of that way of handling their crops?

Mr. PURNELL. Mr. Clifford Thorne, of Chicago, who represented the farmers, and whom I regard as one of the brainiest men in the country, urged that before we get away from the present system we should extend it two years and not cut it off suddenly. I think the hearings will bear me out that he, too, recognized under the present system a certain value to hedging and speculation.

Mr. COOPER of Wisconsin. I notice in section 3, on page 2, line 13, there is levied a tax of 20 cents a bushel on every bushel involved in such transactions. There is no "bushel" involved.

Mr. PURNELL. Only mathematically.

Mr. COOPER of Wisconsin. There is no bushel of grain involved. Suppose they would say technically that there was no grain involved in it?

Mr. PURNELL. Certainly the intent of the law is to tax every bushel of grain that is involved, either actually or theoretically. In other words, if a man buys in a speculative way, with no intention of having it delivered, 50,000,000 bushels or 1 bushel, he must pay the tax.

Mr. COOPER of Wisconsin. Is there any bushel of grain involved in the "puts and calls"?

Mr. PURNELL. No; there is not.

Mr. HAUGEN. There is a contract.

Mr. PURNELL. That is the point. There is a contract.

Mr. LAYTON. If this bill becomes a law, will the Secretary of Agriculture have the same control over the bucket shops as over the grain exchanges?

Mr. PURNELL. Bucket shops will certainly be eliminated, which will do away with the necessity of any control over them.

The CHAIRMAN. The gentleman from Kentucky [Mr. KINCHELOE] is recognized.

Mr. KINCHELOE. Mr. Chairman and gentlemen of the committee, as everybody knows, in this country there has been a great demand coming from the producers of grain for some regulation of the grain exchanges. I believe that the growers of grain are reasonable, conservative men, and want only such

regulations as are reasonable and that no longer mitigate against the price of their products. To me the fluctuation in the price of grains is the most uncalled-for and inexcusable than in that of any product that is not only raised by the farmer but any raw product or mineral that comes out of the bowels of the earth. Because when the grain is raised and thrashed there are just so many bushels, and you can not enlarge that number. You can not contract that or expand it. There are so many bushels. There is a certain demand for that number of bushels, and we all know that when wheat sells for a certain price per bushel to-day and the amount is ascertained that is raised in the world or in this country, and it fluctuates on different exchanges and is quoted at different prices per bushel in a few days' time, there is nothing less at the bottom of it than manipulation.

There is a unanimous report on this bill, and we realize that so long as the present system of boards of exchange is in vogue, and the market for the grain of the farmers of the country, of course, that must be dealt with and the vicious practice stopped. I believe that the time will come when you and I will see in our lifetime the farmers of this country owning and operating their own elevators. We will see the time when they are going to take care of this market, and there will be cut out the profit of the middleman by improving the marketing system in their owning their cooperative elevators where they can sell the grain they raise direct to the miller. But until that is done, this is the only method that the farmer has of marketing his grain—through the grain exchanges of the country.

If that is true, then we have got to recognize certain facts. It is not the purpose of this committee to hurt any legitimate business of the boards of trade of this country, because we realize that the only system by which the farmer has to market his grain is through these boards of trade and these grain exchanges.

But the manipulator is the vicious man in this great system, and he ought to be cut out and eliminated. The board of exchange at Minneapolis has cut them out. But the trouble about it is that without a Federal law governing all the exchanges in all the States of the Union, you get into trouble, and that is what we undertake to provide against here.

I am frank to say that section 3 of this bill imposes, in my judgment, a prohibitive tax. But I want to see that imposed. I do not believe that any speculator can operate and pay a margin of 20 cents a bushel and still survive.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. SUMNERS of Texas. Where does the gentleman get the idea that these technical designations here—"privileges," "bids," "offers," and so forth, cover speculation in grain?

Mr. KINCHELOE. We do not undertake to cut out altogether speculation in grain.

Mr. SUMNERS of Texas. I understood the gentleman to say that he thought section 3 would do it.

Mr. KINCHELOE. I think that section 3 would cut out this character of manipulation; but to cut out speculation entirely, I think, would destroy the system and the market.

Mr. SUMNERS of Texas. These transactions that are enumerated in section 3 are to be considered as transactions that are never consummated?

Mr. KINCHELOE. Exactly. They are never intended to be consummated, and when made they are not consummated.

Mr. KING. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. KING. I would like to know if these privileges, bids, offers, puts and calls, indemnities, and ups and downs are manipulators of the market?

Mr. KINCHELOE. I think the man or the firm or the combination of individuals that manipulates the market is one who goes on the market and buys or sells in such quantities as help to fix the market price of grain.

Mr. KING. These are only the little fellows that play on the curb on the outside.

Mr. KINCHELOE. Which ones?

Mr. KING. Well, the put and call men.

Mr. KINCHELOE. Oh, the evidence shows that some of the big fellows play it, the big fellows who gamble in grain, and never owned a dollar's worth of grain, and never expect to own a dollar's worth of grain.

Mr. KING. That is done on the boards of trade.

Mr. KINCHELOE. First and foremost, I think it is going to put the manipulator out of business. The light of publicity that is provided in sections 4 and 5, in the discretion of the Secretary of Agriculture, whereby all these transactions of every kind and character shall be a matter of record in the various boards

of trade throughout the country that he designates when they comply with the various provisions placed here, will prove valuable, because every man who goes on a board of trade designated by the Secretary of Agriculture as a "contract market" and every transaction that such a man makes there has got to be a matter of record and accessible at all times from that board of trade to the Secretary of Agriculture and the Department of Justice. Therefore, the Secretary has the power not only first to designate these various boards of trade as contract markets, but they must comply with certain provisions set out in sections 4 and 5 before they can become a contract market, and then when they become a contract market by complying with these provisions they must comply with other provisions in the bill that every transaction that is made in buying or selling grain in these various contract markets designated by the Secretary of Agriculture must be made a matter of record and at all times evidence as to these transactions is to be accessible to the Secretary of Agriculture and the Department of Justice.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. BLANTON. Does not the gentleman think it would subserve a better purpose if these records were made accessible to the public as well as to the Department of Agriculture and the Department of Justice?

Mr. KINCHELOE. Over here in section 8 it is provided that they can be made public by the Secretary of Agriculture.

Mr. BLANTON. Why should they not be made public in the first instance and not have it left to the Secretary of Agriculture?

Mr. KINCHELOE. In the hearings it was represented that if these matters were made public it would give information to the various competitors who operate on the various boards of trade. That was their first objection to making public record of it. Some of us on the committee then suggested to them, "Why can you not have your record sealed in an envelope and made accessible to the Department of Agriculture and the Department of Justice when they want access to it?"

Mr. TEN EYCK. Mr. Chairman, will the gentleman yield?

Mr. KINCHELOE. Yes.

Mr. TEN EYCK. Is not the reason why provision is not made for the publicity of these transactions in the first instance is the fact that they want them to come to the attention of a responsible person?

Mr. KINCHELOE. Yes; a responsible part of the Government. That is one of the reasons.

Now, under subsection (e) of section 5 the Secretary of Agriculture can designate boards of trade as contract markets only when the government thereof admit to membership thereof and all privileges thereon on such boards of trade lawfully formed and conducted cooperative associations of producers having adequate financial responsibility. The State of Missouri passed a law to make the boards of trade in that State admit these members of the farm bureaus to membership. They are contesting that in the courts, and when they came before the committee to testify the only objection they could offer to letting the members of the farm-bureau organizations become members of these boards was that they divided their profits among their members. That is the only reason that they ever gave why they have forbidden them to become members. They say they welcome them. Everybody knows they do not welcome them. What difference does it make to the other members of the exchange if I am a member of a farmers' organization which has 2,000 members and I am their representative? What difference does it make what I do with the profits we get out of that? This is simply, in my judgment, a camouflage to conceal their real objection.

In my judgment, this is the most complicated and technical of any business in the country. It takes a lifetime on the part of men who make a study of it, yet they all admit that they do not know all about the grain business. So when this committee approached this subject our idea was not to make it too radical. Our idea was to cut out the speculator in grain; but it was urged strongly before our committee, both by members of the farmers' organizations and by members of various boards of trade, that these speculators in grain create the steady market the year round for the sale of the grain. They say there are times of the year when there are hundreds of thousands of bushels of wheat that come onto the market, and that if you should eliminate the speculator there would be no market for it. Therefore they claim—I do not know whether it is true or not—that it will create a constant market the year round, because these speculators will buy the grain, of course taking chances on it to make money out of it.

Another question that was discussed before the committee was the question of hedging. I asked the representative of the

Grange if he thought hedging was necessary to the continuation of this policy of marketing, and he said he did. He said he believed that if you cut out the legitimate hedge, which, as he described it, is simply an insurance, you would be doing an unwise thing. A man who buys 10,000 bushels of wheat to-day for delivery in December protects himself by selling 10,000 bushels of wheat on the exchanges of the country. Therefore they claim he is insured to that.

Mr. HARDY of Texas. Will the gentleman yield?

Mr. KINCHELOE. I yield to the gentleman from Texas.

Mr. HARDY of Texas. Would it not obviate some of the viciousness of this hedging if we should make the people who want to hedge simply take out an insurance policy? Then it would not be under the guise of a sale. It would not affect the market, and yet the man would get his insurance.

Mr. KINCHELOE. I think it is really an insurance proposition in another form, anyhow.

Mr. HARDY of Texas. But the other form gives it the guise of a sale, and it goes into the pot to help make up the mess from which we have suffered so long.

Mr. KINCHELOE. At least it protects the buyer of the grain.

Mr. HARDY of Texas. But would he not be protected just as well by taking out an insurance policy?

Mr. KINCHELOE. I would not disagree with the gentleman on that proposition. But there is another benefit of this system of hedging. You can call it insurance or whatever you choose.

Mr. HARDY of Texas. It is insurance if it is honest.

Mr. KINCHELOE. For instance, a miller wants to buy enough wheat in the summer time to make 40,000 barrels of flour, and he wants his bank to advance him the money with which to make the purchase. He will have less trouble in getting credit in his own bank to buy that wheat to make that flour if he has hedged. These hearings developed the fact that the first thing a banker asks a grain merchant who wants to buy some wheat for future delivery, before the bank will loan him the money, is the question, "Have you hedged your purchase?" They all said that where the man has hedged his purchase he not only has less trouble in securing the loan but he can get it at a less rate of interest.

So, it was the thought of your committee that there ought to be some protection to the farmer against fluctuation. There never have been such great fluctuations in prices in the history of the country as there have been recently. In three or four weeks there have been enormous fluctuations, the like of which this country never had seen before. There never has been such a great spread between the price that the producer of wheat received and the price paid by the consumer of flour than there is to-day. After giving this subject the study that I have tried to give it for weeks, I am convinced that this bill is absolutely sound. I do not think it is radical. I believe it will cut out the manipulator, and if I am thoroughly convinced that some amendment will give double assurance of doing that, I will favor such an amendment to cut out the manipulator, because, in my judgment, that has been an evil at all times. I think it would be a serious mistake to cut out hedging, and I think at last under the publicity of the rules and regulations of the Secretary of Agriculture, when he makes these contract markets comply with certain specific requirements before they are recognized, it will help the cause of legitimate business.

In addition to that, he comes to him and says under this bill that every contract for the purchase of grain covered by this bill shall be a matter of record which shall be accessible to the Secretary of Agriculture and the Department of Justice; and I am as firmly convinced as I am that I am standing here that it will eradicate these evils and absolutely eliminate the manipulators of grain in this country, because of the publicity given and because of the power given to the Secretary of Agriculture in this bill.

Mr. WILLIAMSON. Will the gentleman yield for a question?

Mr. KINCHELOE. I yield to the gentleman from South Dakota.

Mr. WILLIAMSON. Does the gentleman think it will affect the average price of wheat for the entire year to any considerable extent if this bill becomes a law?

Mr. KINCHELOE. I think the more you cut out the manipulator of the market the more you will stabilize prices. The more the manipulator of grain is cut out of the opportunity to do business the greater the necessary tendency will be to establish a uniformity of price under the great law of supply and demand.

Mr. WILLIAMSON. Does the gentleman think the tendency of the bill will be to steady the price to a higher level?

Mr. KINCHELOE. I do not know whether it will be to a higher level; that will depend on the quantity of grain produced each year and the demand for it.

Mr. WILLIAMSON. In the gentleman's judgment the difference between what the producer obtains and what it is sold for in the ultimate market will be less?

Mr. KINCHELOE. I think so, for when you stop the manipulation of grain it goes back to the old law of supply and demand, and I think the producer will get more than he did before, but of course that will depend on supply and demand.

Mr. PETERSEN. Will the gentleman yield?

Mr. KINCHELOE. Certainly.

Mr. PETERSEN. If a man buys 10,000 bushels of wheat and sells it at a higher price, that is what you call hedging.

Mr. KINCHELOE. If he buys 10,000 bushels of wheat and sells it to protect himself, that is called hedging.

Mr. PETERSEN. If he buys 10,000 bushels of wheat and sells 10,000 bushels of flour, that is not hedging; that is business.

Mr. KINCHELOE. That is legitimate business, and when you cut out legitimate hedging you destroy the market.

The CHAIRMAN. The time of the gentleman from Kentucky has expired. [Applause.]

Mr. TINCER. Mr. Chairman, I yield five minutes to the gentleman from Wisconsin [Mr. Voigt].

Mr. VOIGT. Mr. Chairman, the Committee on Agriculture, of which I have the honor to be a member, had under consideration during nearly the whole of last January, and also for about a week last month, various bills the object of which is to curb the evil of gambling and speculation in the grain supply of the country and to regulate grain exchanges. During that time the committee took over 1,400 printed pages of testimony, and many prominent men interested in the subject appeared before it from all over the country. Among those who appeared may be mentioned Secretary of Agriculture Wallace; Senators CARAWAY and DIAL; a number of Members of the House; Herbert Hoover; Julius H. Barnes, former head of the United States Grain Corporation; Gray Silver and Clifford Thorne, of the American Farm Bureau Federation, the largest farmers' organization in the country; C. S. Barrett, president of the Farmers' National Union; B. C. Marsh, of the Farmers' National Council; W. G. Eckhardt, of the so-called Committee of Seventeen; F. M. Crosby, of the Washburn-Crosby Co.; F. C. Van Dusen and F. B. Wells, of the Minneapolis Chamber of Commerce; J. P. Griffin, president of the Chicago Board of Trade; and men owning or operating private and farmers' cooperative elevators. I think the committee can claim without boasting that it is quite accurately informed as to the manner in which our vast grain crop is merchandised; the functions performed by grain dealers, the exchanges, and their members; the value of these agencies; and the abuses which exist in the grain-marketing machinery. Our grain crop for 1920 exceeded 6,000,000,000 bushels, and its proper handling from producer to consumer is of vital interest to the whole people.

At the outset I wish to say that I am convinced that our marketing machinery for handling the grain crop is the best in the world, but there is room for improvement. There is a popular impression that the grain exchanges are only gambling places, and might as well be done away with. Under our present system of marketing, these exchanges perform a very necessary function and should be retained. What we need is more marketing facilities, and not less, but the evils existing in present practices should be done away with, so far as it is possible to abolish them by law.

In my judgment, the greatest economic problem before the American people to-day is to cut out the waste which takes place in transferring commodities from the producer to the consumer. The man who can devise a system which will measurably reduce this waste is entitled to be numbered among the great. It is claimed that for every dollar the consumer pays for the farmer's product the farmer receives about 35 cents. In other words, it takes about twice as much money to get the product to the consumer as is paid the farmer for raising it. This difference is appalling, and the intervening loss to the American people amounts to billions of dollars. The farmer and consumer both complain, and I am convinced that with a better system of marketing both can be benefited. I have given considerable thought to this subject, and my conclusion is that the first step for improvement lies with the farmer himself. The farmers must organize; they must standardize their product as far as possible, pack it properly, and, wherever possible, market it cooperatively. The farmers should own cooperative warehouses and feed out their products to the markets according to demand. Sufficient marketing facilities must also be provided

for in our large centers of population, so that farm products will find a broad market. Our transportation facilities, by rail, water, and motor truck, should be brought to the highest state of efficiency. Good roads, on which the producer can haul large loads with speed to points of shipment or consumption, are a necessity. The Government should provide a highly organized system of market reporting, so that the centers and quantities of supply and demand for all agricultural products may be known.

Returning now to the subject under discussion, it is recognized by all that the two great evils in the grain trade are manipulation and speculation, commonly called gambling. It is impossible to draw an exact line between speculation and gambling. It is hard to tell just when a pig becomes a hog or when day changes into night. There is an element of speculation in all business, and for practical purposes the difference between speculation and gambling lies in the degree of risk involved and the intent of the speculator or gambler. A speculator is a man who risks his means in a business venture, attempting to deduce from information known to him the existence of a state of facts in the future which will result in profit to him. A gambler is one who risks his means on blind chance. He may know what the probabilities of winning are under the law of averages, but outside of that no amount of reasoning can influence the outcome of his venture. A man who enters into a grain transaction who is possessed of accurate information from which he draws conclusions as to the future state of the market may well be called a speculator, whereas one who enters into the same transaction without any knowledge whatever may be called a gambler. Of course, it is impossible to draw such a distinction for practical purposes, and therefore the law makes the test of whether a grain transaction is a gambling transaction the question of whether there was an intent in good faith on the part of the one who seeks to enforce a contract to carry out its terms. Two contracts may read exactly alike and a court might hold one void and one valid. This illustrates one of the difficulties in legislating on the subject.

It is probable that comparatively small speculative and gambling ventures in the grain markets do not appreciably influence prices. These trades offset each other, and the law of supply and demand takes its course. But it is different with the manipulator. He is a real danger to producer and consumer, and therefore the committee has done the best it could to provide effective checks against manipulation. A manipulator is a speculator or gambler who by reason of his tremendous resources buys or sells grain in such large quantities either for present or future delivery as to affect the price. The history of the Chicago Exchange shows that in times past many such manipulations have taken place. If a man or set of men go onto an exchange and sell millions of bushels for future delivery, they can, of course, depress or enhance the price. During the past year we have had such violent fluctuations in the grain market that no other conclusion is possible than that they were the result of deliberate manipulation. The committee has dealt with the subject from a practical standpoint in an endeavor to help producer and consumer rather than to legislate against gambling from a moral standpoint. That feature may well be left to State legislation. The bill before us does not make legal or illegal any form of grain contract, but we seek to regulate the whole subject by recourse to the taxing power.

For practical purposes a vast amount of so-called speculation in grain is properly called gambling, and if I could see my way clear to vote to report out a bill which would stop all this gambling I should be glad to do so. But there are insuperable obstacles. In order to stop all the gambling it would simply be necessary to pass a law requiring that on all contracts for the sale of grain an actual delivery must be made, excepting cases where delivery becomes physically impossible, and providing a tax or penalty for failure to deliver. We know what the remedy is, but the entire committee is satisfied that it would do infinitely more harm to producer and consumer than the present system. Such a law would destroy a practice which is very prevalent in the grain trade now, called hedging, and which by the great weight of opinion of farmers and grain traders alike is considered legitimate. The whole subject of grain marketing regulation revolves around the hedge, and it is impossible to understand it without knowing exactly what a hedge is, the different ways it is used, and the amazing extent to which it is used. A hedge may be defined as an insurance against price fluctuation. It is more feasible to illustrate it than to fully define it. For instance, the operator of a country elevator in North Dakota is buying wheat from the farmers after harvest. He knows by experience that probably

to-morrow his receipts will be about 20,000 bushels. He knows that wheat on the Minneapolis exchange is selling for \$1.50 per bushel. He then telegraphs to his broker at Minneapolis to sell 20,000 bushels at or near that price for delivery in some future month. This is called "selling a future." He then knows what he can pay the farmers for their wheat. If the elevator man, for instance, figures 20 cents a bushel for freight, his profit, insurance, interest, and so forth, he can pay the farmer \$1.30 per bushel. After he has bought from the farmer he sends the actual wheat bought to Minneapolis. During a time of car shortage this may take a month or two. Now, suppose when this wheat reaches Minneapolis it is worth \$1.60 per bushel. He then makes 10 cents extra on the actual wheat sold, but he loses the same amount in settling on the contract he made for future delivery. This latter contract he does not complete by delivering grain, but by paying the difference in market price. If the wheat actually shipped had dropped to \$1.40, he would lose 10 cents a bushel on it, but he would gain 10 cents a bushel on his future-delivery contract, because his broker could buy in the wheat on another fictitious contract at \$1.40 and get \$1.50 for it.

So it will be seen that the elevator man, by making this fictitious hedging contract against grain which he actually has or expects to have, insures himself against a fluctuation and makes his money out of handling the grain. This is only one illustration of the hedge. It is used for the same purpose by other buyers and sellers of grain, by millers, and exporters. The Washburn-Crosby Co., of Minneapolis, the largest flour millers in the world, make from 40,000 to 50,000 barrels of flour a day. They use about 50,000,000 bushels of wheat a year. The storage capacity for wheat at Minneapolis is only a small fraction of this amount. Consequently they are obliged to buy for future delivery. They sell vast quantities of flour for future delivery. In order to protect themselves against a fluctuation in the price of wheat they resort to the hedging operation. It will be seen at once that if the country elevator operator could not protect himself against loss by hedging he would incur an additional risk, and to compensate himself for that risk he would of necessity pay a lower price to the farmer. Likewise a dealer who agrees to deliver actual wheat to a consumer at a future day would have to demand a higher price if he could not insure himself against fluctuation by hedging. It is therefore certain that if by law we destroy the hedging privilege the spread between producer and consumer will be increased, to the loss of both.

Now, while the hedge is considered legitimate to protect a man who has actual grain, or who has contracted to buy or sell actual grain, it will be seen at once that as it takes two parties to make the hedging contract, one may be a legitimate hedger and the other a gambler. When the country elevator man above referred to telegraphs his broker to sell 20,000 bushels for future delivery, the broker must find a man who will agree to buy it for future delivery. Here is where the speculator or gambler comes in. If he thinks that at the future delivery date wheat will be higher, he buys the 20,000 bushels, and thus the transaction is completed. Of course, the elevator man and the gambler both know that on this transaction there is not one chance in a hundred that actual wheat will be delivered, although delivery can be legally demanded, but that the contract will be fulfilled by payment of the difference in market price. Of course, it should be understood that these two parties do not know each other in the transaction; each one deals with his broker as the principal, and each is at liberty at any time to relieve himself from liability on his contract by paying or receiving the difference between the contract and market price at any time prevailing. The problem therefore is, Can the hedging privilege be retained and at the same time wipe out the gambler, the man who has no grain, who expects to receive or deliver none, and who possibly would not know it if he saw it? The committee is unanimously of the opinion that it can not be done and that under our present marketing system we must put up with this necessary evil in order to preserve the hedge.

We have therefore done the best we could to frame a bill to destroy manipulation of prices, to minimize gambling, to compel boards of trade to make proper rules to prevent unfair practices, to abolish the so-called bucket shops, to compel exchanges and brokers to keep proper accounts, to prevent the dissemination of false market reports, and to compel exchanges to admit to membership cooperative associations of producers, who have heretofore been denied that privilege. Under the Constitution there are but two sources of power under which Congress can act in this matter—the interstate-commerce clause and the taxing power. As manipulation and gambling may take place within State limits, we could not frame an adequate remedy under the interstate-commerce clause, and therefore had re-

course to the taxing power, which, as is well known, includes the power to destroy. The following are the chief provisions of the bill:

(1) It covers wheat, corn, oats, barley, rye, flax, and sorghum.

(2) It levies a tax of 20 cents per bushel on every bushel involved in transactions known as puts and calls. Puts and calls are options, giving one the right to deliver or call for delivery of a specified number of bushels of grain at a fixed price and time. For instance, A, in consideration of \$5, gives B the right to deliver to A up to a certain hour to-morrow 5,000 bushels of wheat at a certain price. If during that time the price goes down B buys the wheat and tenders it to A and pockets the difference. In a "call," B has the right to demand delivery. There is not a case in a thousand, probably, where actual grain is ever delivered on these contracts. They are conceded to be a gamble on the price, and the committee therefore deems it proper that they should be taxed out of existence.

(3) A tax of 20 cents per bushel is placed on all contracts for the future sale of grain, except where the seller is the actual owner of the grain or is the grower thereof, or in case either party is the owner or renter of land in which it is to be grown, or is an association of owners, growers, or renters.

(4) The foregoing tax on future sales is not imposed if the sale is made by or through a member of a board of trade which has been designated by the Secretary of Agriculture as a "contract market," and providing the contract is in writing, showing names, dates, kind and quantity of grain, price and terms of delivery, and providing a permanent record of the sale is kept by the broker.

(5) The Secretary of Agriculture may designate certain boards as "contract markets" which are located at terminal points where a sufficient volume of grain is dealt in as to reflect market values. The board must provide by proper rules for the keeping of detailed books and records by members open to Government inspection. It must prevent its members from sending out false or misleading market reports. The board must prevent manipulation of prices and must prevent individuals from having an unreasonable amount of future trades outstanding. The board must under reasonable rules and regulations admit to membership cooperative associations of producers. The Secretary has power for cause shown to suspend or revoke the designation of "contract market," and his action may be reviewed by a circuit court of appeals. The Secretary may investigate as to the operation of exchanges and may call at any time for reports.

It will be seen that the Secretary of Agriculture is given a strong hand over the exchanges. They must prevent manipulation and unfair practices or stand in danger of having their designation as contract markets taken away. If the Secretary suspends the designation or revokes it, that action for the time being or permanently puts the particular board out of business, because no one can afford to trade on it and pay a tax of 20 cents a bushel. It has been said that this bill gives the exchanges a monopoly of the future trading business. That is true; but it gives them no advantage they do not now have, as all future trading is conducted on them.

There are at present no statistics in existence showing the total volume of grains dealt in for future delivery in the United States. The Federal Trade Commission in its report on the grain trade—volume 5, page 35—has deduced from tax payments and other statistics that on the Chicago Board of Trade alone from 1910 to 1918, inclusive, future grain contracts involved a yearly average of over fourteen and a half billion bushels; in 1916 it ran over 23,000,000,000 bushels. Actual grain delivered at Chicago is only a small per cent of these figures. It is true that immense quantities of grain are sold and hedged in the Chicago market which do not reach Chicago, but making due allowance there is still a vast amount of trading which is nothing but a gamble on the price.

The bill puts the bucket shops out of business, because a bucket shop is not a contract market and can not operate on a contract market. A bucket shop is a place wherein men speculate or gamble and the owner assumes the risk of the trades, like the keeper of a gambling house or a bookmaker at a race track.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. VOIGT. I will.

Mr. WILLIAMSON. I am very much interested in this question of hedging. I want to make a preliminary statement. If you eliminate gambling altogether and the market is controlled by supply and demand, would there be any danger of the elevator man in buying grain being caught in a falling market? The trouble to-day is that our markets are being manipulated up and

down by reason of speculation, and is not that the real reason that hedging is necessary?

Mr. VOIGT. At times the market has been manipulated, but if you cut out all manipulation on grain exchanges, there will still be violent fluctuations at times. If the gentleman will consider, commodities that are not traded in on exchanges are subject to fluctuations. Take, for instance, rubber, its price has fluctuated in the last two years more violently than grain. Rubber is down to a third of what it was two years ago, and all other commodities have fluctuated. Suppose the elevator man could not hedge his grain. He is buying it or about to buy it from a farmer, and he does not know what he is going to get for it when he ships it to market. In order to cover that risk, he is going to pay the farmer less for the grain. If he knows that he can turn around and instantly by wire to the market resell the grain, he can afford to buy it on a closer margin than if he had to run the chances of keeping the grain for several weeks. Put yourself in place of the country buyer. You buy the grain and it may take several weeks, or sometimes months, before you can ship it. You do not know whether the price will go up or down. It may fluctuate 5, 10, or 20 cents a bushel, and if you can not hedge, you are going to pay the farmer less to compensate you for the risk of carrying the grain. So the committee could not see its way clear to stop speculation entirely because we could not see our way clear to cut out the hedging. I will say personally I was much amazed at the amount of grain hedging that is carried on in the country. You can not cut out gambling, or speculation in grain, whatever you choose to call it, unless you want to abolish the hedge.

Mr. HUDSPETH. Suppose I buy 100 bushels of grain, then can I sell 100,000 bushels under the bill as a hedge?

Mr. VOIGT. I will say to the gentleman that under this bill you can gamble in grain to any extent. If the bill were effective to-day you could go in and gamble.

Mr. HUDSPETH. Then it does not prevent future gambling in grain?

Mr. VOIGT. The bill does not. You can not stop all gambling or speculation, unless you are willing to do away with the hedge.

Mr. CAMPBELL of Kansas. Does not this bill stop gambling by imposing the 20-cent tax; does not that practically make the transaction prohibitive?

Mr. VOIGT. No; the 20-cent tax is levied only in two instances. The tax is levied on puts and calls, which are considered by everybody to be purely gambling transactions, and also on future sales not made on a so-called contract market.

Mr. CAMPBELL of Kansas. The gentleman from Texas put the question to the gentleman from Wisconsin whether or not this bill would stop gambling, and I took it that he referred to puts and calls, and it occurred to me that 20 cents a bushel would necessarily stop that gambling.

Mr. HUDSPETH. I referred to the sale by the owner, of whether or not he could sell more than he really had on hand at the time. That is the question I was trying to develop.

Mr. VOIGT. I will say under this bill you can sell any quantity of grain even if you have not a bushel.

Mr. HUDSPETH. Then that is gambling.

Mr. VOIGT. This bill attempts to minimize the gambling in grain but does not prohibit it. It does prohibit the gambling in puts and calls entirely by imposing the 20-cent tax.

Mr. HUDSPETH. And there it stops.

Mr. VOIGT. Most of the gambling in grain is in the form of future contracts. Puts and calls in ninety-nine cases out of a hundred are made only for 24 hours. The bulk of the business is done by future contracts, where they buy or sell for May, June, July, or December delivery, for instance. Now, that form of contract is not prohibited by this bill providing it is made on a grain exchange and it is made through a broker and a record kept of the transaction.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. I ask that the gentleman be given a couple of minutes. Mr. Chairman, will the gentleman yield?

Mr. VOIGT. I will yield.

Mr. BLANTON. The gentleman and his colleagues on the committee have all stated that for the purpose of legitimate grain hedging that these exchanges are necessary to the extent that is designed by this bill. Now, if that question only were embraced in the bill, for a man to hedge who buys 10,000 bushels of wheat for legitimate purposes, he would then have to sell 10,000 bushels, and yet under the gentleman's statement he can go upon the exchanges and sell a million bushels if he sees fit. Is not that the fact?

Mr. VOIGT. The fact is that under this bill you can sell a million bushels by way of speculation or gambling if you choose to call it so.

Mr. BLANTON. Then it does not confine gambling to legitimate hedging?

Mr. VOIGT. You can not have a hedge on a board of trade without permitting gambling, for this reason: It takes two parties to make a contract. For instance, if you are a legitimate grain dealer or a country buyer and you sell 10,000 bushels for the purpose of protecting the grain that you have bought, that is considered a legitimate hedge. Now, you wire in your order to the man you do business with in Minneapolis or Chicago. He goes onto the exchange and completes your contract. When your broker sells the 10,000 bushels some one must buy 10,000 bushels. The man who buys may be a hedger, who seeks to protect an actual amount of grain, or he may be a pure gambler. How are you going to regulate that proposition? I say it can not be done under our present system of marketing.

Mr. PURNELL. Is not this further to be said, that there is this indirect limitation, under subdivision (d) of section 5, which provides that the boards themselves must limit transactions to such an extent that there will be a limit? There is that indirect correction. If it becomes manipulation it becomes the duty of the contract market to curb that buying or selling.

Mr. VOIGT. I was going to say this, that in my judgment the two most valuable features in this bill are those which stop manipulation and which provide for the keeping of records, so that we may know for a certainty how much future trading is going on.

Of course, the bill does indirectly limit large gambling or speculative operations by prohibiting manipulation and limiting the amount of future contracts an individual can have outstanding, but the bill does not state any specific figure. The committee could not see its way clear to name an arbitrary figure, because a contract involving only a small quantity may be a pure gamble, and a contract involving a million bushels may be a perfectly proper and lawful one. I have no doubt that the Washburn-Crosby Co. sometimes buys more than a million bushels for future delivery and expects to take the wheat and grind it into flour. The best we could do was to compel the exchanges to supervise their own business and, if they did not do it properly, to give the Secretary of Agriculture the weapons with which to expose them and to suspend or abrogate their powers.

The CHAIRMAN. The time of the gentleman has expired.

Mr. VOIGT. Will the gentleman yield me two minutes more?

Mr. TINCHER. I yield the gentleman two minutes more.

Mr. VOIGT. The Secretary of Agriculture can tell these exchanges how he wants their records kept and what reports he wants them to make. He can go to them under this bill at any time and say, "Tell me how many transactions you have had last week, or last month, buying or selling 50,000, 100,000, or 1,000,000 bushels," for instance, and if he thinks the public is being hurt he can publish the facts, and buyers and sellers in good faith can hold their orders until conditions become normal. We are going to get under this bill full and reliable statistics on which future legislation can be based. The boards of trade and their members have in the past few days flooded Members of Congress with protests against this legislation; they object to being regulated, but there is nothing in this legislation which will hurt any honest man. It will even permit some of the gamblers to operate, whose contracts in form are the same as those of men who actually buy and sell grain. [Applause.]

The CHAIRMAN. The time of the gentleman has again expired.

Mr. VOIGT. Mr. Chairman, I ask unanimous consent to extend my remarks.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent to extend his remarks in the Record. Is there objection? [After a pause.] The Chair hears none.

Mr. TINCHER. Mr. Chairman, I ask unanimous consent at this time to extend the general debate on this bill one hour.

The CHAIRMAN. The gentleman from Kansas asks unanimous consent that the time for general debate on this bill be extended for one hour. Is there objection?

Mr. SABATH. Mr. Chairman, that can not be done in the Committee of the Whole House on the state of the Union. The committee may rise—there can be no objection to the time, as this morning it seemed to me the time for debate was limited for a bill of this importance.

The CHAIRMAN. It would be done with unanimous consent—

Mr. TINCHER. I move that the committee do now rise.

Mr. HUDSPETH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HUDSPETH. If I understood the Chair correctly, he said it could be done by unanimous consent—

The CHAIRMAN. The Chair would have entertained such a suggestion if there was no objection, but there seems to be some objection, and the Chair will recognize the motion of the gentleman from Kansas that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and Mr. CAMPBELL of Kansas having assumed the chair as Speaker pro tempore, Mr. MADDEN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 5676, had come to no resolution thereon.

Mr. TINCHER. Mr. Speaker, I ask unanimous consent that the order fixing the time for general debate on this bill at three hours be changed to four hours.

The SPEAKER pro tempore. The gentleman from Kansas—

Mr. TINCHER. And that the additional time be divided in the same proportion as originally.

The SPEAKER pro tempore. The gentleman from Kansas asks unanimous consent that the time for general debate on this bill be extended from three hours to four hours and that the time be equally divided between the gentleman from Kansas and the gentleman from Illinois. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, may I ask the gentleman whether he wishes to conclude the consideration of the bill this afternoon?

Mr. TINCHER. If we get that time we can not, because the bill will have to be read for amendment.

Mr. GARRETT of Tennessee. I have no objection to the extension, and I was just going to suggest that there could be an agreement that debate run through the remainder of the afternoon, the general debate to be equally divided and controlled as heretofore provided.

Mr. TINCHER. Mr. Speaker, I will modify my request and ask that the order be changed and that general debate shall extend during the afternoon until 5 o'clock.

The SPEAKER pro tempore. The gentleman from Kansas modifies his request and asks unanimous consent that general debate on this bill continue until 5 o'clock to-day. Is there objection?

Mr. ASWELL. Mr. Speaker, may I ask the gentleman if he means the entire day?

Mr. GARRETT of Tennessee. The time to be controlled as heretofore.

The SPEAKER pro tempore. The time to be divided equally between the gentleman from Kansas and the gentleman from Illinois. Is there objection?

Mr. SUMMERS of Washington. Mr. Speaker, reserving the right to object, I desire to ask the gentleman whether he considers it more important to debate the bill or to pass it?

Mr. TINCHER. Mr. Speaker, there are some gentlemen who have asked for time on the bill, members of the committee who gave as much as 30 days time in the consideration of this bill, and I do not like to be responsible for their not being heard.

Mr. SUMMERS of Washington. Mr. Speaker, I do not object.

The SPEAKER pro tempore. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

Mr. TINCHER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5676.

The motion was agreed to; accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5676, with Mr. MADDEN in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5676, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 5676) taxing contracts for the sale of grain for future delivery, and options for such contracts, and providing for the regulation of boards of trade, and for other purposes.

Mr. RAINEY of Illinois. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Chairman and gentlemen of the committee, on the 11th day of April, the first day of this session of Congress, I introduced a warehouse bill, H. R. 2343, and wish to speak to that measure. I believe the desire of Congress and our entire citizenship is to see the Government taken from an uncertain, temporary war basis to a stable, businesslike peace basis. After the armistice we are confronted with many perplexing questions, the settlement of which is now before us. The question in our minds is what to do at this time. Every citizen is anxious to see the channels of commerce opened and

trade relations resumed with the nations of the world. Our markets and the markets of the world are at a standstill. Something is wrong, a remedy should be given, and no time lost. What is the best thing to do to stabilize prices under present conditions? Different remedies are offered. What is wrong with our markets and why are farm products at such a low ebb? While the condition of our foreign relations has had much to do with the present price of farm products, I believe the lack of storage facilities and selling agencies are two of the greatest causes of present prices.

From figures compiled from comparisons of the Department of Agriculture showing the quantity and crop value, we find that if we add the value of live-stock products to the crop value of 1920 the total wealth production of the farms of the United States for 1920 would be \$16,500,000,000, compared with \$24,982,000,000 in 1919 and \$22,479,000,000 in 1918.

The corn crop of 1920 is reported at 3,232,367,000 bushels, the largest ever produced. The wheat crop for the same year was 787,128,000 bushels, or 147,000,000 bushels less than the crop of 1919. Our greatest corn crop for 1920 brings our total grain production for that year to 6,039,320,000 bushels, a gain of 10 per cent over the production of 1919.

While we had our greatest grain crop in 1920, there was a great decrease in value, depression of prices, and a general slump in our markets. The value of our grain crops of 1920 was \$4,509,561,000, or \$2,881,938,000 less than the value of our 1919 grain crops, though the grain production for 1919 was 571,000,000 bushels short of the 1920 crop.

The cotton crop of 1920 was 12,987,000 bales, valued at \$914,590,000. In 1919 there were 11,421,000 bales, valued at \$2,034,658,000. While the cotton crop of 1920 was 1,566,000 bales more than the crop of 1919, yet the value of the 1919 crop was \$1,120,068,000 more than the crop for 1920.

All will agree that a tense situation has arisen since the slump in farm products. Business is stagnant, wages are reduced, home building is waiting, while we number the unemployed by the millions. How can it be remedied? Some say that the farmer should produce more and reduce the high cost of living. He has produced more, with greater cost to himself and higher prices for material, and thousands of our farmers have lost money in crops and live stock and many of them now face bankruptcy. Yet, with all these adverse conditions, in 1919 the total commercial value of the farmers' crops was more than \$16,035,111,000. The five-year average value for 1914-1918, inclusive, was \$10,156,426,000, and in 1920 the value, based on December 1 prices, was \$10,465,015,000. All this has been accomplished under difficult labor conditions, and at the same time the farmer is producing more with less labor than ever before. For the past three or four years it has been difficult to get hired help on the farm, and to hold down the cost of production the farmer must do all the work himself, with the assistance of his family.

If a system of Government warehouses, as provided in this bill, were established it would enable the farmer to receive a fair price for the products of his toil and his prices would not be fixed by the gamblers in farm products. This bill will put these gamblers, who "toil not, neither do they spin," out of the illegitimate business of price fixing. They have no right to sit in their costly furnished offices and tell the producers what they must sell their products for. The farmer is not situated like the manufacturer, who can pass the cost of production to the consumer by adding the increased cost to the price of his articles. He can not pass this cost on to the consumer. He can not add the increased cost in that manner and does not fix the price at which he sells. He is the only producer of the necessities of life in the land who has nothing to say about the price of his articles. The prices are fixed for him when he sells. He must sell for the price offered and pays the price asked when he buys necessities for his family. The law allowing the price of his products to be fixed for him is wrong, inequitable, and should be remedied. You ask how it can be done. I shall try to show you the way and the remedy for the present poor prices of farm products.

During the war when the cry came for more wheat and other farm products our farmers responded nobly to the call and did much to save civilization. Laws should be enacted for his benefit, for when the farmer prospers everybody shares in his prosperity and there is plenty in the land. It means good wages for the people who work and enables them to live in a respectable manner. Other industries have been fostered and protected, and I believe that this Congress will do something tangible for the greatest industry in the land. Big business in computing their net incomes deduct their salaries as part of the cost of management. If the farmer should deduct a reasonable sum for his work and that of his wife and children, he would have but little, if any, net income left.

Oklahoma ranked sixteenth in 1920 and seventh in 1919 among the States in the total value of all crops. She is first in the production of oil, and raises more broom corn than all the other States combined. She also has millions of tons of coal, asphalt, salt, limestone, and granite. Cotton is the leading crop in the State in money value, but, while Oklahoma in 1920 ranked fourth in the United States in the production of cotton, she ranked third in the production of winter wheat, thirteenth in the production of corn, second in the production of kaffirs, thirteenth in the production of oats, and eleventh in the production of all grains. In addition to this, she produced \$100,000,000 worth of milk and cream in 1920, and poultry and eggs to the value of \$50,000,000. Therefore the merits of this bill are not directed to one class of products nor one section. It will benefit the wheat raiser of the north as well as the cotton farmer of the south. The largest city in Oklahoma is in my district, and the people are not all engaged in agriculture. This bill will stimulate business and thereby benefit all classes and professions. Agriculture is the chief industry in this Republic, and the one upon which all others depend. Therefore when we assist that industry we are assisting all others. That is why not only the farm associations of the country are for a law of this kind, but many business men and organizations as well. Some people who do not know seem to think that when a farmer gets 40 cents a pound for cotton, a dollar per bushel for corn, \$2 per bushel for wheat, and so forth, he is becoming rich, but such is not the case. He is entitled to some rest and to enjoy some of the comforts of life. He is the main wealth producer, and should share in its prosperity. The farmer should get a price for his products that will pay him a reasonable wage for raising his crops, reasonable wages for his wife and children who assist him in the work, reasonable pay for the use of his teams and tools, reasonable allowance for the depreciation of his farm implements, teams, and lands, and, in addition to all this, he should have a fair margin of profit and a square deal, and he is certainly entitled to this much.

I quote a statement from the Memphis Commercial Club of last year. This is the business men of that great city:

Memphis only prospers through agricultural prosperity. The farm bureau is the recognition of that fact by the Memphis merchants' interests. Help maintain the gift of Memphis to its trade territory, that "united we stand, for divided we fall."

The South's cotton crop averages annually 12,000,000 bales, produced by 2,000,000 families. Average family is man and wife and three children—equals three hands. Average family produces six bales. Three bales of cotton goes to pay land rent, feed bills, fertilizers, etc. Three bales left, or one bale for each hand at 40 cents per pound, or \$200 per bale. This will allow each farm hand \$16 per month. The average appropriation for a pauper at the county farm is \$25 per month. Think it over.

Suppose an average family produces 10 bales of cotton, which is an extraordinary production, at 40 cents per pound. That would bring \$2,000. If he is a renter, he must pay the landlord \$500, which leaves fifteen hundred dollars for himself and family. Counting the work of himself and one team at \$75 per month, which could not be done in 1919 and 1920, would make \$900 per year. Then allow his wife the same salary as a hired girl to do the housework—and many wives help in the field—and this would amount to at least \$50 per month, or \$600 per year, which, added to the \$900, would make fifteen hundred dollars. Then his children would be doing their work for nothing. Feed for his family and stock is not estimated in this statement nor taxes and depreciation of his working capital.

About the same ratio of loss will be true with other crops. A statement from the Department of Agriculture for 1920 shows that from 167 farms in three counties in the State of Iowa the average yield of wheat per acre was 18.5 bushels, at a cost of \$1.88 per bushel. Forty acres at that price and yield would cost \$1,391.20 to produce, and even at \$2 per bushel the farmer would have \$88.80, not estimating anything for his wife's labor, feed, depreciation of his capital, and so forth. A summary of 481 records prepared by the Department of Agriculture for 1919 from the States of Kansas, Missouri, Nebraska, Minnesota, North and South Dakota shows that the net cost of producing wheat for that year was \$2.15 per bushel.

In normal times there is a loss of \$70,000,000 to baled cotton as a result of permitting it to remain exposed to weather for months at a time without attention or covering of any kind, according to estimates of the United States Department of Agriculture, based upon experiments made. According to the department, in one instance, a bale of cotton placed out in the open, flat on the ground, with no covering, was damaged to the extent of 370 pounds at the end of eight months. Another bale placed on edge and turned over once a week lost 110 pounds. A bale placed on end but not turned over lost 78 pounds; a bale placed on timbers and turned once a week lost 49 pounds, while one placed on timbers and covered with a tarpaulin lost

but 14 pounds. A bale of cotton placed in a warehouse for the same period lost but 1 pound.

The department's statement says:

When it is considered that in many instances the total cost of warehousing cotton, including insurance, is no greater than the insurance rate alone on exposed cotton, it would appear to be the utmost folly for a grower not to spend his money to a greater advantage. The insurance rate on exposed cotton is about \$4 per hundred per annum. Every hundred dollars' worth of cotton stored in properly constructed warehouses can be insured for 25 cents per annum and the difference of \$3.75 would in many cases pay all the other warehouse charges.

You ask how this warehouse bill would remedy the cotton and grain situation? It will furnish a place for storage and thereby prevent the more than \$70,000,000 loss each year, on cotton alone, as estimated by the Department of Agriculture, and in addition will stimulate the producers to establish selling agencies and more directly market their products to the manufacturer and consumer. Under this bill producers must first establish a selling agency. I believe this warehouse bill and selling agencies will solve the problem of our marketing conditions. Agriculture is of so much importance that warehouses should be erected by the Government, and under its supervision, and thereby assist the producers of the absolute necessities of life to that extent. I think the Government should build them outright and pay all the expense, but have drawn this bill cooperatively between the States and also with farmers' cooperative associations.

The warehouse bill under consideration provides that when any State makes an appropriation for warehouses, or when any farmers' cooperative association having a selling agency makes an appropriation, the Government shall duplicate such appropriation. We now have a good roads law, and a wise law it is, to the same effect so far as the appropriations are concerned. Good roads are necessary for farmers, but not so necessary and will not stimulate agriculture so much as this bill provides. We can live and enjoy life without hard-surfaced roads, but can not live without agriculture. It is our most important industry, always has been and always shall be, and more should be done to encourage and protect it by the Federal Government, and it should be done now. Some say that the State should not engage in the warehouse business. As an answer to that criticism and as a precedent I will say that the Government built warehouses for the storage of liquor, and at the present time, after many months of prohibition, we still have 348 liquor warehouses in the United States. Is not cotton, corn, wheat, oats, wool, and other farm products about as important to provide storage facilities for as liquor, and especially in time of prohibition? I am sure that the gentlemen of this House want to assist and promote our great agricultural interests in this country, and I shall invite your careful and patient hearing to the provisions of this bill under consideration.

The Secretary of Agriculture is the head of the farming activities of the United States and is interested in the promotion of this industry. The bill provides that he, the president of the board of agriculture of any State where the warehouses are located, and a representative chosen by the farmers' cooperative associations in any such State shall constitute the board of control. This provision will encourage the organization of farmers' associations, which are necessary to the farmers' interests and will have a wholesome effect upon the business of farming. The warehouses shall be under the management of the board of control, which is authorized to acquire property and property rights for the erection of the warehouses. Provision is made for the employment of a warehouse superintendent in each State whose salary shall be paid by the State. Several States now have warehouse laws of some sort and employ a warehouse superintendent, but the provisions of the State laws will work in with the provisions of this bill. It is provided in this bill that the official standards of the United States for farm products shall be the official standards of the warehouses created by this bill. It is necessary that uniform grades be established and not have thousands of unofficial graders, each of whom can set his own standards. It is to the best interests of the farmers and the country that the grading be under the supervision of the Government. The issuance of warehouse receipts is provided for which shall be negotiable and in the form prescribed by the Secretary of Agriculture. Adequate punishment is provided for any violation of the provisions of the act. The locations for the warehouses are subject to the approval of the Secretary of Agriculture of the United States.

Rural credits have been discussed and have been a favorable theme for orators and candidates for many years. I believe the most effective way to provide adequate and suitable methods for rural credits is for provision to be made for the Government to loan money on certain chattels as provided in this bill. If a farm product is properly stored, why not loan money on that warehouse receipt, which is a most satisfactory and safe invest-

ment? The warehouse receipts would be so convenient, and little expense attached in recording, as is the case in voluminous mortgages, that the local banks would be glad to loan money on the receipts. In order to prevent any association which might be formed against the system and which might be interested in banks, it is provided that if the local banks refuse to loan money on the warehouse receipts then loans shall be provided by the Federal Reserve Board.

By reason of the importance of the agricultural industry I have provided in the bill that stored products shall be insured at actual cost. I believe the Government should provide a system of insurance similar to the soldiers' insurance and that the Government or the State should pay for the insurance. Some may say that the Government must not go into the warehouse business as it leans toward socialism, but there will be a greater leaning to socialism if something is not done for the farming interests of the United States.

The bill provides that the board of control shall prescribe the fees to be charged for the storage of farm products, and the fees shall not be in excess of the actual cost of maintaining the warehouses. It has been said that if the farmers want warehouses let them build them at their own expense, like other business organizations. Farming is an entirely different business to merchandising, banking, and so forth. One of the greatest fights the farmers have had to make is to get money with which to finance their business. It is not organized like other business and more obstacles have to be overcome. You may say, "Let them organize." Organization of farmers' societies will be promoted if this bill is enacted into law. It will encourage the farmers of the country to greater efforts and the entire Government will prosper thereby.

Congress has seen fit to appropriate millions for the assistance of the railroads of this country and to guarantee them a certain rate of profit. But it is said that the railroads were taken over by the Government during the war and they must be turned back in as good condition as when taken. To this statement I say that the farmer's business was also taken over and he was called upon to plant wheat and the price was fixed. Then in the readjustment he lost millions, and it will be years before he recovers. Why not do as much for him as for the railroads? Were it not for the farmers there would be no business for the railroads and nothing to transport. It would be much less difficult for the railroads to recuperate than it will be for the farmer. He planted his crops when seed was high in price and employed labor at its highest in the history of the country. He paid more for his farming tools and feed. The necessities of life cost him more to make the crop of 1920. Many were driven into bankruptcy, and all that he asks is a square deal. He is certainly entitled to as much consideration as the railroads. He was as patriotic during the war and his occupation more important, for it was the farmer who fed and clothed the allied armies. He planted what the Government asked him to plant and never grumbled. He has done his part and is only asking for a small appropriation. It will assist him to recover from the disaster of last year. He could not borrow money on his crops and could not sell for enough to pay the harvesting. His faithful wife and children who assisted him in raising his crops were often left without sufficient clothes and his children in many cases were compelled to remain away from school. We must have the respect and cooperation of the farmers, always have had it, and will continue to do so if they are treated fairly. They are asking no special favors. Some say if warehouses were erected at public expense that it should be done by the different States. Why not let the different States construct hard-surfaced roads? Why does the Government assist in this enterprise? There is only one answer, and that is for the reason of their importance to the Government. In measures like the good roads law and laws as provided in this warehouse bill there should be cooperation between the Federal Government and the States. On account of the importance of the farming industry our courts have held that appropriations for farming associations are not unconstitutional.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SWANK. Mr. Chairman, I ask for five minutes more.

Mr. RAINEY of Illinois. I yield five minutes more to the gentleman.

Mr. SWANK. One legislator said to me that this bill could not be passed for the reason that I was asking for an appropriation of \$100,000,000. That would make a good start and I will be satisfied to have this bill passed with an appropriation equal to three present modern battleships. Just cut out an appropriation to that extent for one year and use it in building warehouses for farm products, or use a small amount of the appropriations for the railroads. The Government should operate the warehouses and therefore should own them. It will be

a cheap investment for the Government to build these warehouses and operate them for the greatest of all industries.

Something must be done before another crop is harvested. It would be a hard matter to forecast the result should another price failure hit us like it did last year. The farmers of this land could not stand another disaster like that. In order to prevent it this Congress should act and act now. We can not afford and the Government can not afford to procrastinate on a matter of so much importance. It is of vital importance and close to the vitals of this Republic. Fostering our agricultural interests and the payment of good, living wages, that workers may enjoy some of the comforts of life as well as the necessities, is the best bulwark against bolshevism, which thrives on unrest and low prices. Prices that will return a fair per cent of profit on his investment to the farmer and good wages which will result will keep bolshevism from gaining a hold in this country. But the farmer and worker must not be neglected. Business of every kind will thrive with fair prices paid for farm products.

The provisions of this bill will bring the producer and the consumer closer together. It will save the loss on farm products occasioned by laying out in the elements. It will provide for the storage of large quantities of products that can be sold to a better advantage and will encourage closer cooperation among the producers.

The products can then be sold directly to the manufacturer and consumer and will eliminate many middle and useless profits. I want to see this Congress do something for agriculture. We maintain a great Department of Agriculture which has done and is doing a great deal for farming. We wisely employ experts in the different departments, farm demonstration agents and the like, but I think the enactment into law of this bill will give more beneficial and noticeable results than all else that is being done. Last fall the reserve banks closed down when it came to loaning to the farmer. I do not claim to know the reason why. Perhaps it was necessary, but under this warehouse bill there will be no reason for not loaning money on warehouse receipts. The Federal reserve act is one of the greatest pieces of legislation in the history of the American Congress, but, like all other creatures of man, it is not perfect. Section 28 of this bill enlarges the usefulness of the reserve act. I can see no reason why the Government should not loan money in this way. Bills have been introduced providing for the loaning of money on other chattels not so safe as is provided in this bill.

If this is enacted into law it will bring the producers of the necessities of life into closer contact with the Government. They will then know that the Government is interested in their business. If the Government can fix farm prices, why can it not build warehouses and loan money on the products in storage? But it is said that the price fixing was a necessary war measure. The Government has power to fix prices at any time that the necessity arises. They also have power to appropriate money as provided for in this bill. It is only a question as to whether this Congress agrees with the bill and thinks the Government should assist the farmers in this manner. The amount asked to be appropriated is small when considering the greatness of our Government and the many and enormous appropriations for other purposes. This is only even-handed justice, and I believe that justice will still prevail.

Mr. BLANTON. Will the gentleman yield?

Mr. SWANK. I will.

Mr. BLANTON. The gentleman assumed the price of cotton in his argument at 40 cents.

Mr. SWANK. I said that because that was the price they got in 1919.

Mr. BLANTON. The fact is the gentleman has seen cotton sell as low as 5 cents.

Mr. SWANK. Yes.

Mr. PURNELL. Will the gentleman indicate what his position is toward the bill that is before us?

Mr. SWANK. Yes; I will say that I am for it.

Mr. Chairman, of course I am a Democrat, and I believe in the great principles of that party like a little child believes in the love of its mother. But I do not belong to that class of citizens who do not like to see a man succeed in any kind of business or in public or private life. The President of this great Republic is our President as well as yours [applause], and you will never find any man, I believe, on this side casting any obstacles in the way of his great work of construction and great progress along the path of peace. I want to wish the administration success, because when it is a success it will benefit us all. We are American citizens first and Democrats and Republicans afterwards [Applause.]

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. RAINEY of Illinois. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. TEN EYCK].

The CHAIRMAN. The gentleman from New York is recognized for 10 minutes.

Mr. TEN EYCK. Mr. Chairman and gentlemen, I wish to preface my remarks and make a statement as regards New York State's relative position to the various agricultural pursuits of the United States and the three great forces that tend to regulate and govern this country.

While its relative position in area to the other States is only 29, it is first in population, first in wealth, first in the production of dairy products, first in the value of dairy products, first in the production of buckwheat, first in the production of potatoes, first in the production of hay, first in the production of apples, second in the production of pears, and third in peaches.

I might enumerate its leadership in many smaller agricultural pursuits, but merely bring this to your attention to show you why we farmers in New York State are interested in the legislation which relates to the farming industry of the United States.

The country itself is like a great beehive and the people the bees therein. This beehive rests upon a tripod, one leg of which represents capital and the financier, another leg represents labor, and the third leg represents the farmer and the farm industry of this country. No tripod is stronger than its weakest leg. Finance has organized and has created large industries through cooperation, which necessitated the organization of labor, which represents the second leg. These two great forces in the past have tended to press down upon the farmer, and to-day the farmer's duty is to organize, so that he in turn will strengthen the third leg and make it as strong as either of the other two, not to dominate the country, but to put himself into a position so that he is as strong as either of the other two legs, so that he may cooperate with them for the benefit of the entire public. [Applause.] And that is why to-day we are considering legislation not only for his benefit but so that we can benefit the consuming public of the United States.

This bill takes care of a condition which heretofore has hampered the farmer in his line of work; that is, it deals with the marketing conditions of the country to-day. No matter what we consider to be the trouble with the farmer, we can trace it sooner or later to poor marketing conditions, whether they be of national origin, or whether they be of State origin, or whether they be of local origin. We have improved, I believe, in this bill the marketing of grain through two paragraphs, one of which puts the entire supervision and regulation of the boards of trade under the Secretary of Agriculture, and the second is the one that gives him an opportunity to gather statistics and make public the nefarious work, if there be such a condition, existing in any boards of trade, and take away from said boards of trade the right to operate.

Now, gentlemen, I want to say a word in relation to what we call speculation and hedging. I believe that there are three kinds of dealers in the grain market to-day. One is the producer and the actual dealer in grain itself, the cash buyer and seller, or the man who makes the hedge, who is the actual producer, or the owner of grain by contract or otherwise.

The second is the speculator, the man who buys with an idea that he knows what is going to happen in the market and takes his chances for gain. The third is the manipulator. The manipulator is the man who, carrying out the definition of the word, endeavors through large sales or influence or combination to create prices, whether they be of real value or not, or, in other words, to depress prices when it is to his benefit, through which he may be able to gain additional profit to himself.

This bill endeavors, through regulation and supervision by the Secretary of Agriculture, to do away with the manipulator, but not to eliminate the speculator, because he is a necessity. The farmers themselves have come before us and told us that they needed hedging; that hedging should be permitted to continue.

Now, who will the hedger hedge with? He can not hedge with himself or with the farmer. He has to have certain facilities so that he can hedge with somebody, and that man is the speculator.

Mr. Chairman, I would like to ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman from New York asks unanimous consent to revise and extend his remarks. Is there objection?

There was no objection.

Mr. TEN EYCK. I am going to restrict myself entirely to the discussion of farm matters in detail and intend to treat farming from a business standpoint and its relation to other business interests of the country.

Production of the farm and the transportation of the produce are linked so closely together that one without the other would be of little value to the producer or the consumer. Therefore I will speak first of transportation.

We have a trinity of methods of transportation—the highways, the waterways, and the railways—each being particularly adaptable to certain classes of transportation.

The business of the highway is to take care of short hauls from the farms to the markets in the villages and cities or to the railway stations or docks of the navigable waterways.

The business of the railway is to take care of the long hauls of express or what might be called express and freight service.

The business of the waterways is to take care of the transportation of heavy commodities and bulky cargoes between great distributing centers.

The old adage that "competition is the life of trade" is no longer in vogue in the present generation. Cooperation is a slogan which means for insurance against failure. This holds true in relation to our different methods of transportation. We need the cooperation of the highways and the motor truck with the railways and the waterways. Junction terminal facilities should be fostered and built so that the railways, waterways, and the highways will have one point in every community where they can exchange their commodities from the short hauls to the long hauls and where great or small cargoes can be assembled for long hauls between large community centers either by rail or water; and to complete this system of transportation rural motor express should be extended into the rural districts where no express routes now exist. This can be accomplished through the cooperation of the individuals in the various communities that are now without express service.

When all of the above is accomplished the farmer will be in a position to have his produce transported from the farms to the marketing centers without delay and without loss to his perishable commodities and at the least expense and assure reliable delivery service to the consumers at all times of the year in the cities.

The next thing is marketing. It is absolutely essential that proper marketing facilities be installed in the big cities and thickly populated districts, so that a farmer will have a proper and adequate place to dispose of his produce. To accomplish this, the farmer must become properly organized and in turn secure the necessary laws to create and govern proper marketing centers where their produce will be sold and distributed honestly, where prices will be so regulated that his produce will not one day sell for exorbitant prices and the next day he will be called upon to sell at a loss. An honest, just rate should be the desire of the farmer to the consumer, so that he will be adequately compensated for his time, labor, and investment. Only in this way will the great horde of consumers be assured of proper and sufficient food at all times.

I feel from past experience, from knowledge of the farming industry, from long study, and personal connection with the transportation methods of this country, and having been born and brought up on a farm, and now owning and operating a stock and fruit farm, I am well qualified to say from a practical standpoint that the farm bureau is the one organization with which all other farm organizations can affiliate and cooperate to make in each county, State, and Nation a farmers' organization of sufficient strength and which can obtain knowledge of an unusual scope to look after the farmers' interests in an intelligent way.

It is the duty of every farmer to affiliate himself with this organization, so as to obtain equal rights and justice for the farming community.

Justice will never be obtained unless farm legislation in the town, county, State, and Nation is governed so that legislation will not be passed without first giving consideration to the farming industry of this country, which is the largest one industry in the entire United States. It is larger than the United States Steel Corporation, the railway systems, and the automobile corporations combined, and this country can not be financially successful or the business can not become stable until the farming industry has become financially safe.

If a farmer is prosperous, he will be enabled to improve his living conditions in the home; he will be able to build for himself better schools; he will be able to give his children higher education both in relation to farming and the professions; he will be able to improve his tools and machinery and thus lessen the cost of production; he will be able to hire adequate labor and thus take away part of the drudgery and the long hours; he will be enabled to stand the increased taxation for improvement of rural highways so as to connect himself with better transportation facilities to the markets; he will be enabled to use up-to-date motor trucks for transporta-

tion purposes, and purchase and raise the best stock and poultry and other commodities, all of which will not only be a benefit to himself but to the world in general and the consumer in particular.

Many of the producers of raw food products have migrated to the city to obtain the greater wage paid in manufacturing plants, so that the farmer suffers at times from inadequate help, higher wages, shorter hours, and incompetent farm hands.

For several generations he has been weak financially, which has helped to make farm work a drudgery and has permitted the purchaser to take advantage of him.

As soon as it appears that he is coming into his own, the financier and laborer under the name of consumers, on account of previously being organized, were able to start a propaganda that the farmer was profiteering and not understanding the real cause of present high prices have set out to lower the price of the cost of living by reducing the price of farm products at the farm.

The real trouble is due to the unfair difference between the price that the farmer has to sell his produce for and the price the consumer pays for it.

Let us assume that a farmer receives \$8.37 for enough wheat to be ground into a barrel of flour, and the miller sells the barrel of flour for \$12.70, the baker, in turn, will receive approximately \$59 for the same barrel of flour in the form of bread, cake, and pie crust. The hotel man or restaurant keeper will receive in the neighborhood of \$500 for that which was originally sold for \$8.37 by the farmer. Of course, I am aware that the cost of labor, transportation, containers, interest on investments, other ingredients, and many other things are justifiably responsible for a proportionate part of this vast difference.

I know of an instance where a gardener sold tomatoes for 60 cents per bushel to a grocery man, and I inquired of the grocery man how much he was receiving for his tomatoes in retail, and the grocery man replied he was receiving 10 cents per pound, which means that he was receiving for the tomatoes \$6 per bushel.

The cost of living can not be lowered by merely lowering the cost of food products. There are just as many other things that enter into the high cost of maintenance of a human being, such as rents, fuel, light, clothing, and household furnishings, together with such luxuries of life as the automobile and similar pleasures which within the last two or three years have been used as if they were the actual necessities of life.

I believe that we have got to give to the farmers the same consideration in legislative matters that we accord all other branches of industry. I further believe in the farmers organizing, and the complete cooperation and coordination of all the various farm organizations, whereby and through which they can establish a clearing house and work collectively for the best interests of the producers of the soil. I believe and strongly advocate the purpose of the grange—the American Farm Bureau Federation, the National Farmers' Union, the Dairymen's League, the fruit growers, the cattle raisers, and all other kindred associations and organizations whose desire and intention it is to improve farming conditions.

I believe in collective bargaining, for collectively they can protect themselves from bad laws and secure the enactment of more beneficial laws, all of which will tend to keep their sons and daughters on the farm, as well as their neighbors' sons and daughters, and will also attract labor back to the soil.

To-day on account of the improved modes of interstate transportation, such as railways, waterways, and highways, by means of the motor truck, the price of the commodities in one State governs the price of the commodities in another, and therefore it is essential that the farmers be one and stand for a proper understanding with the farmers of all the other States as regards the marketing of their products.

We must increase the capacity of our cold storage in the cities as well as assist the farmer to equip himself with adequate storage facilities on the farm, which is the only remedy that will prevent a feast and a famine. A feast and a famine, we all know, is unprofitable both to the producer and the consumer.

The cost of marketing farm products must be reduced. This can be done by lessening the time of the farmer in drawing his products to market, increase the size of the load by improving the highways, and cutting out the unreasonable profits of the middleman by creating a condition where the farmer will deal direct with the distributor or consumer.

We should prevent profiteering by a few speculators, but at the same time due consideration must be given to the legitimate commission houses. We must not create a feeling in the minds of the commission merchants who deal in food produce that

will create uncertainty as regards the future, for if we do we will restrict the storing of products from the surplus in the large producing months. This condition can arise very readily, due to the fact that the farmers have not the facilities or proper storage capacity on the farms to take care of the surplus, the lack of which creates a shortage of supplies in the nonproducing months of the year, which is detrimental to both producer and consumer.

I feel it incumbent upon all the people throughout the entire United States to use their influence to get as many men as possible to go back to the farms, as well as to educate the children in farm life, help in prevailing upon those who are now on the farms to remain there. I know of a number of farmers' sons who have left the farm to go to the cities within the last two or three years to earn the large wages which are now paid in the shops. This condition, that I know of personally, exists throughout the entire country, and can not help but reduce the output on the farms, at the same time increase the consumption of food in the cities. The farmer, the laborer, and the financier interests are the same; they must govern themselves by the motto "Live and let live."

We can not destroy wealth, nor should we attempt to enslave labor, neither should both of these endeavor to stamp out the very existence of the farming community of the country, because, after all, it is the farmer who actually produces that which sustains life and is one of the master divisions of organized society.

As previously stated, the farming industry is the largest and most important industry in the United States. It represents more money invested than any other one single line of business, such as the railroads, manufacturing concerns, or the United States Steel Corporation, or any other group. All other special combinations are small in importance, and, what is more, they all depend upon the farmers, as it was they who started with this world progress, and it will be they who will be on the job to the end of all time; for without the farming industry life will have to stop, and we all will have to live on air, which I do not feel will come to pass in our generation at least.

What are the farmers' interests? Their interests are in greater production, cheaper production, better production, better marketing facilities, collective selling, collective purchasing, better banking facilities, sufficient community storage plants, better roads and transportation facilities, better sanitary conditions in the household, modern rural schools, better rural delivery service, a sufficient supply of efficient labor, with an opportunity to get a fair return profit on their commodities for service performed and money invested, so that they will be able to give their children an adequate education, all of which in turn will tend to keep boys on the farm and eventually revert to the benefit of the country and the people as a whole.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. PURNELL. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. TOWNER].

The CHAIRMAN. The gentleman from Iowa is recognized for 10 minutes.

Mr. TOWNER. Mr. Chairman and gentlemen of the committee, I am very glad indeed to give my support to this legislation. For a great many years producers of grain have felt themselves at an entire disadvantage—indeed, in a hopeless position—with regard to the marketing of their grain. It has been not only in the hands of speculators, it has been in the hands of gamblers.

I desire to compliment the committee upon the care they have exercised in reporting this legislation. I desire to compliment them on the result of their work. Through many long weeks and even months this committee has with open minds heard the testimony of everyone interested in this question. They have heard the farmers; they have understood their position. They have heard the dealers and the speculators on the board of trade, and even the gamblers on the board of trade, although those gentlemen would refuse to recognize the designation.

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Iowa yield to the gentleman from Texas?

Mr. TOWNER. Certainly.

Mr. CONNALLY of Texas. I am not posted on this. Would the gentleman give us the distinction between these two classes—between the gambler and speculator on the one hand, and the legitimate dealer or hedger in the market?

Mr. TOWNER. That will be done, I will say to the gentleman, by men who are a great deal abler to do it than I am. They have heard all the testimony and have brought in a bill here which will, in my judgment, make at least some attempt

to regulate some of the inequalities that now exist. They have not attempted to take away the right of the farmer to make a contract for future delivery of his grain. That has been granted to him, of course, as it should be granted to every man. They have not attempted to prevent men who purchase grain from holding or making contracts for future deliveries of grain. That has not been attempted. It is the purely gambling processes or operations that are intended to be controlled by this legislation.

Now, gentlemen, manifestly that should be prevented. The farmer is at a great disadvantage in any respect, because of the fact that it seems impossible for him to fix the price of his product. Alone among all the producers or of the dealers in merchandise or in goods, alone among all of these, he can not fix the price, but must depend upon a market that depends upon other conditions. Those conditions ought to be not artificial conditions. They ought to be natural conditions. It ought not to be the case that the price of grain, which is the principal food product of the country, should be determined by the manipulation of gamblers, who have no interest whatever in either securing a fair price to the farmers or in giving a fair price to those who are the final consumers of grain. Their only desire is to speculate for their own advantage. They would depress the price if it was to their advantage. They would raise the price if it was to their advantage. If by making combinations and manipulations and affecting conditions they could bring about their own profit they would do it, no matter what the effect might be upon the producers or the consumers of the country. If such conditions exist, certainly the people of this country have a right to prevent it. This legislation is intended to do that. As I have looked over the bill I have seen nothing in it that in my judgment would prevent any legitimate transaction in grain. I can see nothing in it that would prevent any man who was a producer from trying to take advantage of the conditions that might arise by which he could secure a fair price, nor do I see anything in the bill that would prevent those who are merchants in grain and not producers from dealing in it upon their judgment for future delivery without speculating in it upon a gambling basis. All of these things are provided in the legislation. I can see no reason why any man can not give this bill his support. It is an intelligent attempt, as it appears to me, to reach and remedy this great evil. Therefore I am very glad that the House will have an opportunity of putting into effect this, as I hope and believe, very beneficial legislation.

Mr. WINGO. Will the gentleman yield for a question?

Mr. TOWNER. I yield to the gentleman.

Mr. WINGO. I am not asking this in a controversial spirit, but the gentleman has studied this question and I wish to ask him what is the difference between a bona fide hedge and a gambling hedge?

Mr. TOWNER. I had rather that should be answered by some one who knows more about the technicalities of this subject.

Mr. WINGO. I am not criticizing the gentleman, but I am serious in saying that for eight years I have been asking that question of every man with whom I came in contact who was supposed to know about this subject, and they have always given me the same indefinite answer. Does the gentleman know and can he tell me?

Mr. PURNELL. Mr. Chairman, I do not know that I can answer the gentleman's question to his entire satisfaction, but I will try to answer it.

Mr. TOWNER. I yield to the gentleman from Indiana.

Mr. PURNELL. If I understand the gentleman's question, he wishes to know the difference between a legitimate hedge and a gambling hedge?

Mr. WINGO. Yes.

Mr. PURNELL. I should say a legitimate hedge is a hedge that butts a hedge.

Mr. WINGO. That is just as clear as mud to me.

Mr. PURNELL. I am not responsible for the gentleman's failure to understand what I mean by a hedge butting a hedge.

Mr. WINGO. I appreciate that fact. If there is anybody here who understands it, I wish he would explain it.

Mr. PURNELL. The gentleman does not understand what is meant by a hedge that butts a hedge?

Mr. WINGO. No.

Mr. PURNELL. Then I will ask the gentleman what kind of a hedge he is talking about?

Mr. WINGO. I have read the testimony and I have listened to these explanations, and I wish to know what is the difference between a bona fide legitimate hedge, the kind that you want to protect, and a gambling hedge.

Mr. PURNELL. Will the gentleman let me start again?

Mr. WINGO. Yes; gladly, with the permission of my friend from Iowa.

Mr. TOWNEL. I yield all of my time to the gentleman.

Mr. PURNELL. I will yield myself two minutes in order to try to answer the gentleman's question.

Mr. WINGO. Gentlemen all around the House are asking the same thing. I am frank enough to admit I do not understand these provisions. Now, can the gentleman enlighten the House?

Mr. PURNELL. I will attempt to do that. Let us suppose a case. Suppose I as a local producer should go to the elevator nearest my farm—if I were fortunate enough to have one—and sell the elevator man 5,000 bushels of corn to be delivered next week or next month. My local elevator man has not the money to carry that transaction, and he has not the storage space in which to put the corn, but he wants to furnish me with ready money that I need to pay notes or to pay help. Now, in order to protect himself and in order to furnish me a market for the 5,000 bushels of corn that I must necessarily sell, he sells 5,000 bushels of corn in Chicago.

Mr. WINGO. On the board?

Mr. PURNELL. On the board, against the 5,000 bushels that he has purchased from me. That is a hedge. He has hedged against any loss in the purchase of my 5,000 bushels. That is a legitimate hedge, is it not?

Mr. WINGO. I do not know. I am just trying to find out.

Mr. PURNELL. It is. That is a legitimate hedge. Now, the element that determines its ultimate legitimacy, or whether it is partly a gambling transaction, depends upon who buys it at the other end of the line.

Mr. WINGO. Now, may I ask a question, not in any spirit of controversy but for the purpose of really trying to acquire information?

Mr. PURNELL. Certainly.

Mr. WINGO. The gentleman sells to protect himself against fluctuation.

Mr. PURNELL. The elevator man does.

Mr. WINGO. That is what I mean. The elevator man has gone on the board and he has sold on what is called a future contract in order to protect himself against fluctuation in price between the time that he has purchased from this farmer and the time the farmer is going to deliver.

Mr. PURNELL. Yes.

Mr. WINGO. Who buys that contract? Is it bought by some speculator on the board?

Mr. PURNELL. The gentleman asked me the question, What is the difference between a legitimate hedge and a gambling hedge?

Mr. WINGO. Yes.

Mr. PURNELL. If the man at Chicago who buys that 5,000 bushels that my elevator man sells, buys it as a hedge to protect himself on a legitimate bona fide sale, that is a completed, legitimate hedge. If John Jones, a speculator, bought it, who had no expectation of ever receiving the grain, never deals in grain at all for receipt or delivery of grain, then just in so far as that fact exists it is a gambling hedge. That is as near as I can come to telling the gentleman the difference. Therefore, coming back to my first answer which the gentleman resented—

Mr. WINGO. No; I beg the gentleman's pardon. Possibly I expressed myself awkwardly. I did not intend to be critical or resentful. I was just thinking aloud and was a little bit facetious, but of course not intentionally discourteous.

Mr. PURNELL. That is all right. We all get that way frequently. If the man who bought the hedge in Chicago was in earnest and wanted to buy 5,000 bushels to protect himself on another deal, then one hedge butted the other hedge.

Mr. WINGO. When the time comes for the farmer to deliver the grain to the elevator man he does not undertake to deliver it to the man on the board, but closes it out by a counter sale and there is no grain delivered there. Now here is where the trouble seems to come in. Suppose to-day there are a million bushels of bona fide wheat offerings as a desire of a number of men to hedge, and there are only sufficient bona fide purchasers of the hedge to the extent of half a million; that is, you have a half million to butt the legitimate hedge.

Mr. PURNELL. And a half million of speculative gambling.

Mr. WINGO. Does this bill cut out that half a million of speculative buying that does not butt the legitimate hedge?

Mr. PURNELL. It does not, and without a single exception the witnesses that came before the committee said that the opportunity to buy or sell the extra 500,000 bushels through what we call speculative transactions constitute insurance; that it gives liquidity and stability to the market; makes the market flexible; and is a necessary factor in the whole transaction. Under our present system we can not destroy that specu-

lative feature without tearing down our whole market system. That would have a serious reflex action on the producer.

Mr. WINGO. In other words, if one-half of the transactions are bona fide, the effort to cover—

Mr. PURNELL. You do not have to have any part of it bona fide; there are only two transactions that are taxable, and that is the "puts and calls," which we are trying to drive out of business. Every bushel dealt in on the board of trade in "puts and calls" is taxed 20 cents a bushel.

Mr. WINGO. Let me use another illustration. Suppose I make up my mind that wheat is going up, and I go to-day and speculate by dealing in futures to the extent of any number of bushels. You believe it is going down and you indulge in the opposite transaction. Neither one of us gets any wheat. Would that be taxable?

Mr. PURNELL. It would not unless your order brought it under the provisions of section 4. I tried to discuss that a while ago and am sorry the gentleman was not in.

Mr. WINGO. I was in, but I do not know anything about these technical provisions, and it is difficult to understand these fine distinctions.

Mr. PURNELL. I do not think there is a more highly theoretical or speculative question than is this question of grain futures, but the thing we hope to accomplish is to give the Secretary of Agriculture the right, in a quiet time when he can do it systematically and thoroughly to get into the business, find out whether there is anything wrong that ought to be remedied, and thus help us work out further remedial legislation if it be needed.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAINEY of Illinois. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. McClintic].

Mr. McCLINTIC. Mr. Chairman, I wish to congratulate the Committee on Agriculture on bringing in a bill of this kind. I have always felt that contracts of the kind enumerated in this legislation should be taxed in a proper way in order that they might pay their proportionate expense for running the Government.

But I want to bring to the attention of the House to-day a statement relative to tubercular conditions in the United States.

TUBERCULOSIS.

The greatest scourge that humanity has to deal with is the dreaded disease known as tuberculosis. It is practically impossible to cure a person suffering with this disease unless he is taken to some place where the climatic conditions are such that the malady will yield to proper treatment. This being true, every person interested in the welfare of humanity should likewise be interested in securing information relative to the geographical condition of the United States with relation to tuberculosis.

IDEAL LOCATION.

It is not generally known to all of our people that there is one section of the United States where it has been proved that tubercular germs do not exist and where the climatic and other conditions are such that practically every person who is taken to this section suffering from tuberculosis in its incipency can be restored to normal health. The reason I am bringing this to your attention I am hoping that this information may go out to the people so that some unfortunate who is suffering with this disease may profit by the same, and that those who are charged with the responsibility of selecting a site for the Government tuberculosis hospital to be constructed in the near future may be prevailed on to carefully investigate the statements I am making and then later locate this institution in the section best adapted for the cure of tuberculosis.

FRENCH SURGEONS.

Practically all of the Members of Congress have had brought to their attention a statement which has been prepared by Hon. D. P. Marium, a prominent editor of Woodward, Okla., in which he calls attention to a statement made some years ago by a body of eminent French surgeons who were sent to the United States by their Government to find, if possible, a suitable location for the treatment of tuberculosis. The following is a statement that has been taken from the report made to the French Government:

In the United States of North America on the 100° of longitude west of Greenwich we found an area the like of which does not exist in the world. From a central point on the said 100° midway between the Arkansas River in Kansas and the Red River in Texas, a circle drawn with that point as the center with a radius of 100 miles will contain an area within which tubercle bacillus does not and can not exist.

This report was made before very much of the territory in this section was opened for settlement. Let us see how it pans out. Western Oklahoma has a larger territory embraced in this area than is to be found in any other State. Practically

all of the congressional district that I have the honor to represent is in this prescribed area. Roger Mills and Harmon Counties, according to the census of 1910, have a population of 24,189. Both of these counties are bounded on the west by the 100° of longitude west of Greenwich, and it is remarkable that during the past 20 years no death has ever been reported from this disease. The other nine counties in the district report 30 deaths, and according to the report of the Public Health Department all of these immigrated from other States except a few of the Indians who contracted the same while away at Government schools. Summing up the facts it is found that no person has ever contracted this disease from natural conditions while residing in this section, and to my personal knowledge hundreds have recovered their health who have gone there for this purpose.

CLIMATIC CONDITIONS.

It seems that the all-wise Creator in arranging the elements has taken into consideration that there must be some place provided that would be suitable for the ailments of humanity, and that this is the section of the world that has been set aside as an Eldorado for those who are afflicted with the dreaded white plague. The altitude is neither too low nor too high; it is neither too dry nor too wet; the ozone is a little purer and more invigorating than is to be found in any other place in the world. The water is obtained from underground stratas of sand, which filters it in such a way as to leave it as pure as any to be found anywhere. The winds blow practically all of the time, thereby causing all dead vegetable or animal tissue to dry up instead of rot. In the summer time the days are warm and the nights very cool; in fact, double blankets are very desirable for use at night during the hottest months of the year.

IDEAL LOCATIONS.

There are many progressive, hustling little cities located in this section that would make ideal places for the location of a tubercular hospital if it is decided to locate the same in some city; however, the thought has come to me that this institution could be located in the Wichita game preserve, which is a few miles east of the 100° longitude line, that this would provide the most ideal spot in all of the world for this kind of a hospital. This reserve is about 30 miles square. Approximately 500 native wild deer are protected by both State and National laws, and they are free to roam at will; a most wonderful herd of buffalo, numbering nearly 200, are in the big pasture near the headquarters house; a herd of elk, numbering approximately 150, graze on the mountain sides; and numerous herds of wild turkeys and other small game are likewise to be found in this park. Beautiful mountain streams trickle down into the valleys below and the lakes furnish protection for the thousands of wild ducks that stop in this section in season. [Applause.] A more ideal location for this kind of hospital could not be found. The same could be constructed at the right elevation on the top or the side of some mountain out of most wonderful native granite, which compares favorably with any building stone to be found anywhere. Tubercular patients should be given every opportunity to build up their health. Proper diet, coupled with necessary exercises and surroundings, is very necessary; and, according to my viewpoint, the climatic conditions, the beautiful scenery, and the other natural advantages of this park make this place ideal for the location of this institution in one of America's great playgrounds. [Applause.]

Mr. TINCHER. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. Young].

Mr. YOUNG. Mr. Chairman and gentlemen of the committee, I want to congratulate the author of the bill [Mr. Tinchler], the Committee on Agriculture, and also the Members of the House and the country that this bill has been brought out of the committee so promptly. It seems to me that with this early start we ought to be able to get some legislation on the subject of future trading before this Sixty-seventh Congress is a thing of the past.

Some people seem to think, judging from questions asked, that the committee has not gone far enough. When you consider the difficulty and complexity of this question, the wonder is that they have gone as far as they have. It would seem to me that perhaps they have gone as far as prudent men ought to go at this time until further information is obtained by actual experience under the law. We have had to-day different definitions of a hedge. So far as this bill is concerned, the hedge might be defined as insurance against price fluctuation. If you get that idea, that this is an insurance bill, then you will understand better what the House Committee on Agriculture is trying to do.

The testimony before the committee was very clear along the line that some kind of price insurance is necessary, although

they did not call it that. They called it hedging. It is interesting to recall that all kinds of insurance was at one time gambling. Away back centuries ago a man in London would bet \$5,000 against \$50 that a boat would never return to port. There was no sanction in law and no regulation on the part of the Government. The same was true of other kinds of insurance. Finally, Governments began to see the necessity for regulation, and, of course, all that kind of insurance was greatly improved by Government regulation. It was called interference then as now but it was beneficial. We have had controversies at different times in this country as to the wisdom of the Government regulating insurance. We have it even at this late day. There was the great controversy in the State of New York in respect to regulation of the great life insurance companies not very long ago.

Mr. JOHNSON of Mississippi. Will the gentleman yield?

Mr. YOUNG. Yes.

Mr. JOHNSON of Mississippi. Where do you get your authority to levy a 20-cent tax on a bushel of wheat in the transaction?

Mr. YOUNG. As I understand this bill it marks out the broad lines under which these great exchanges can do business, and you only pay the 20 cents a bushel when you get entirely outside.

Mr. JOHNSON of Mississippi. Where does the gentleman get his authority to levy the 20 cents?

Mr. YOUNG. That is under the general taxing power of the Government under the Constitution.

Mr. JOHNSON of Mississippi. Under section 8 of the Constitution? Is that the authority under which the gentleman is proceeding?

Mr. YOUNG. Does the gentleman question the right of the Government to raise money by taxing grain transactions?

Mr. JOHNSON of Mississippi. I do not; that is just the point I am getting at. The gentleman now proposes to impose a penalty or prohibit the doing of a certain thing, and his bill states that it is for the purpose of raising revenue; and the only authority that the gentleman has for writing in the bill is under section 8 of the Constitution, the taxing authority. The gentleman proposes to tax out of business a thing that he could not do otherwise. What does the gentleman say on that point?

Mr. YOUNG. This is not the first time that the Congress has passed a law that would be regarded now as constitutional, but it might have been regarded as unconstitutional 50 years ago. We assume that the Supreme Court will construe the Constitution itself liberally.

If there is any virtue at all in what they call future trading, I think it will be very greatly improved and become very much more valuable if the Government regulates it. If hedging is price-fluctuation insurance, it will be a mighty sight better if the Government sits in on it and regulates it than what we have now without any regulation of any kind. At Monte Carlo they have a gambling proposition in which the roulette wheels pay a certain percentage to the house. It is a known percentage, and in so far as the conduct of those establishments are concerned, they are run according to that idea. So far as I know, there is no crookedness in the handling of those machines. Everybody knows it is gambling and that there is a percentage in favor of the house which is a definite mathematical proposition, but the business is conducted according to that on the square. Now, so far as these grain exchanges are concerned, there are no exact and definite rules of the game.

These future contracts on the great exchanges are ambiguous and difficult to understand, and in the matter of administration they operate them crookedly. Government control and regulation will correct much of this. Government regulation is often a blessing in disguise. It proved so to the packers, who opposed Government meat inspection. Who knows but that even the grain exchanges will find in the future that future trading handled absolutely on the square as price fluctuation insurance will place the grain business on a better foundation than it has ever had heretofore.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. YOUNG. I will.

Mr. CONNALLY of Texas. I am interested in the question of wheat, and the gentleman will recall that when the Government had a guaranteed price for wheat, when that guaranteed price was terminated that wheat declined very rapidly. What, in the gentleman's mind, is the cause of that? Did these exchanges have anything to do with that sudden reduction?

Mr. YOUNG. I can not yield to the temptation to discuss the Government wheat price guaranty, as I have only 10 minutes.

Mr. CONNALLY of Texas. The gentleman is well advised about all of these matters, and that is why I asked the question.

Mr. YOUNG. The losses which the farmers suffer are not all traceable to future trading. It is only one problem.

Mr. CLAGUE. Will the gentleman yield?

Mr. YOUNG. Very briefly.

Mr. CLAGUE. I will state to the gentleman that instead of going down wheat went up.

Mr. YOUNG. One of the best features of this bill is that which will enable the Secretary of Agriculture to collect a fund of reliable and dependable information in respect to future trading. It is almost impossible for Congress now to obtain dependable information concerning the amount and character of transactions on the grain exchanges.

Mr. Chairman, during the hearings before the committee on this subject I had the honor to present the views of John M. Anderson, president, and Benjamin Drake, attorney, for the Equity Cooperative Exchange, St. Paul, who had prepared able and comprehensive briefs on the subject of future trading. A number of their requests have been complied with in the bill now before us. It pleases me greatly to know if this bill passes cooperative concerns such as the Equity Cooperative Exchange, the great farmers' sales agency of the Northwest, must be given membership on the grain exchanges. That alone is a tremendous step in advance.

The CHAIRMAN. The time of the gentleman has expired.

Mr. JONES of Texas. Mr. Chairman, at the suggestion of the gentleman from Illinois, I yield 10 minutes to the gentleman from New York [Mr. LONDON].

Mr. LONDON. Mr. Chairman, I understand the gentleman from Kansas is to yield me 10 minutes.

Mr. TINCER. I yield 10 minutes to the gentleman from New York [Mr. LONDON].

Mr. LONDON. Mr. Chairman, during the discussion of the immigration bill I promised to take up the question of unemployment. I want to indict the two leading political organizations and accuse them of lack of knowledge and of competence in dealing with great social and economic problems. Both the Republican and Democratic Parties are intellectually bankrupt. They repeat the old slogans, slogans a century old. We hear "protection," "free trade"; again "protection" and again "free trade," as if employment or unemployment had anything to do with it. We have unemployment in countries which have the most of protection and in countries of free trade. We have unemployment in countries from which there is emigration; we have unemployment in countries in which the population is very small. Take, for instance, Australia, which is the size of the entire Continent of Europe and almost the size of the United States, with a population of not exceeding 5,000,000 people, and they have unemployment. Unemployment is ordinarily the result of maladjustment in industry, of the absence of order in industry. Take the seasonal industries, such as the building trade. Take the industries which serve the needs of fashion, the caprices of women. Take the ladies' garment industry in New York City, with an invested capital of more than \$300,000,000. It furnishes employment during seven or eight months a year. Every change of fashion involves a change of material, of machinery, a shifting of workmen, and the displacing of men. In the building industry they work four or five months a year and are idle the rest of the year. In the mining industry we have exactly the same situation. The shoe industry—strangely enough, even the shoe industry is seasonal, although people have to wear shoes all the time. The shoe industry is subject to the change of fashion. I understand that there are some 272 styles of shoes, and every change of style involves the displacement and the separation of the worker from his job.

When a farmer needs men he welcomes them with a brass band, but as soon as he gets through with them they are chased out or arrested as vagrants.

It stands to reason that every new machine which saves labor, every new appliance, every new method of division of labor, every new system of efficiency, results in the temporary idleness of workers. Of course, ultimately every new machine is a benefit to society, unless it is used for war or for destructive purposes. But it is a very poor consolation to the man who loses his job to know that some time in the future society as a whole will benefit by the introduction of a new machine. The abandonment of an industry, the loss of an old market, the gain of a new one, an upward or downward revision of the tariff, all these things affect employment. Competition in industry means the rivalry between the workers for a job and necessarily involves the presence of unemployment, while in industries which have reached a state of monopoly unemployment can be produced artificially in order to weaken the resistance of the workers. Just now the state of employment depends a great deal also on the international situation.

What I complain of is that the two old political parties have failed to take up that question. We do not know even approximately the number of unemployed. I have seen it estimated all the way between 3,000,000 and 5,000,000 men. To think of it! There is no clearing house of information on the subject. To think that with the gigantic industries that we have built up, and with the expensive governmental machinery which we maintain, we should not be in a position at a moment's notice to know the exact number of unemployed in the country. If there are 4,000,000 of them, it means that one-seventh of the breadwinners of the United States are out of employment to-day. You realize what unemployment means. It means the destruction of all standards of life. It is destructive of the independence of men.

In many a State, where the protective tariff has been an issue, men have been compelled against their convictions to vote the Republican ticket, not because of a threat, but because of a prediction, repeated so frequently that it assumed the character of a threat, that if the protective tariff would not be adopted, the factories would be shut down.

Mr. CONNALLY of Texas. Will the gentleman yield for a question?

Mr. LONDON. I will, if I may be permitted to extend my remarks in the RECORD.

Mr. CONNALLY of Texas. I do not see the gentleman from Oklahoma here.

Mr. LONDON. I do ask, Mr. Chairman, that I may be permitted to extend my remarks.

Mr. TEN EYCK. Mr. Chairman, I would like to make the same request.

The CHAIRMAN. The two gentlemen from New York ask unanimous consent to extend their remarks in the RECORD. Is there objection?

Mr. YOUNG. Mr. Chairman, reserving the right to object, and I am not going to do so, I wish to say that I believe we have had the most accurate record of the debates and proceedings during the past few months of any time during the past eight years, and it has been due to the fact that the gentleman from Oklahoma [Mr. McClintic] has insisted that the record kept here must be a record of what is actually said and done. I really think it is worth while to have it kept that way. As far as I am concerned, I feel as though the gentleman from Oklahoma [Mr. McClintic] ought to be complimented for taking it upon himself to see that the RECORD of this House is kept in that way.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. TEN EYCK] and his colleague [Mr. LONDON]? [After a pause.] The Chair hears none.

Mr. LONDON. Now I will yield.

Mr. CONNALLY of Texas. Suppose we ascertain the number of unemployed in the United States—and the gentleman is complaining that the two old parties are responsible for that condition—what would the gentleman do about it after we find it out?

Mr. LONDON. I will come to that, if the gentleman will only permit me to develop the subject. It is understood that in order to legislate on a subject you have to understand; you have to know—

Mr. CONNALLY of Texas. That is the reason I am asking the gentleman for information.

Mr. LONDON. I hope the gentleman will not interrupt. I have to develop my subject connectedly. You must know the subject. My complaint is that most of you do not know and most of you do not care to know. The great labor problem is something which completely escapes your attention. You content yourselves with denouncing those who desire a change. The present method is to denounce every suggestion of a new thought as bolshevism. A man who eats fried eggs with a spoon is a bolshevist. Great patriots travel throughout the country and address so-called patriotic societies, warning men against the coming of immediate, violent revolution. We have these two groups in the United States, one at the very bottom of society, helpless and impotent, with scarcely sufficient money to enable them to furnish 500 copies of a pamphlet, and then we have a powerful plutocratic group on top controlling the medium of public information, and very often exercising a baneful influence in government, and who say that a violent revolution is imminent. They say so in order to have us adopt a policy for the crushing of liberty, for the destruction of the freedom of the press, and to prevent the workers from organizing. It is the same group that want us to take care that no radical ideas are imported, as if you could export or import an idea, as if the world of thought could be legislated against.

Now let me get back to the unemployment problem. First of all, let us gather information. What is the next proposition? The next thing is to give to labor the right which is now being denied to it, to follow the law of evolution and to organize.

Mr. CAMPBELL of Kansas. Where is that right being denied?

Mr. LONDON. That right is being denied by ingenious methods to restrain workers from exercising their legitimate functions.

Mr. CAMPBELL of Kansas. I do not think the gentleman from New York can point to a single place in this Union where by any law of the United States laborers are prohibited from organizing.

Mr. LONDON. Well, I say there is now a very strong effort being made to prevent the workers from organizing by passing legislation prohibiting strikes.

Mr. CAMPBELL of Kansas. Where?

Mr. LONDON. You take the Kansas industrial court, and you take the various decrees of the courts prohibiting them from striking, in effect.

What you say is this: "You are allowed to strike, but your strike must not be effective. You are permitted to form unions, but they must not be 100 per cent organized, because as soon as you perfect your organization you have reached the stage of monopoly. You may organize, but your efforts must be futile. You may form unions, but they must be abortive organizations, and such as will not accomplish the objects for which they are formed." There seems to be an effort on the part of capital to crush all labor organizations. This is not only morally but economically unsound.

Mr. CAMPBELL of Kansas. Does the gentleman know of a place in the world to-day where labor is so much oppressed as it is in the country where his ideas are in absolute control—in Russia?

Mr. LONDON. Well, the gentleman is utterly wrong in his statement. My ideas are not in control anywhere. I do not know whether I would like to have all my ideas in absolute control, anyway. [Laughter.] I know that every idea must be tested by the limitations of time and space. I know that; I know that there is no perfection except in the grave. There is no perfection in this life, and I do not expect to see any perfection. The man who amounts to something seeks to improve, and as soon as he has lost the idea of improvement he ceases to be a man. The statesman who tells his country that it has reached the highest state of perfection is doing harm instead of good.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. LONDON. Yes.

Mr. KETCHAM. I assume that the gentleman would be willing to inform the House what his judgment is as to the comparative status of this country and Russia.

Mr. LONDON. Oh, Russia is in misery to-day. How can you compare the two countries? How can you compare this country with a country where they had a thousand years of the rule of czarism, where they have had an ignorant, superstitious church, almost heathenlike? How can you compare it with a country which has had 400 years of political development and which has enjoyed the blessings of religious freedom and of political democracy? It is only three years since they have overthrown czarism in Russia.

Mr. KETCHAM. Under what kind of institutions has that progress been made if it has not been under the kind of institutions that are established here?

Mr. LONDON. Exactly; and because this country has reached this stage of progress the man who says we can progress no further disregards the law of evolution. The reason we have made such progress is because we had such a great opportunity. It is not enough for you to say, "We have had a Lincoln and a Jefferson, and other great men." Because Lincoln was a great man it does not follow that we must be small men.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. PETERSEN. Mr. Chairman, I ask that the gentleman be given one more minute. I wish to ask him a question.

Mr. LONDON. Will the gentleman from Texas give me five minutes more?

Mr. JONES of Texas. Yes; I yield to the gentleman five minutes more.

Mr. PETERSEN. I would just like to ask the gentleman from New York why this country was prosperous if the two major bodies or parties have no brains?

Mr. LONDON. The country enjoys prosperity in spite of the two old parties. [Laughter.] The gentleman knows that the overwhelming success of the Republican Party was not the result of the indorsement by the people of a particular economic

policy advocated by the Republicans. The gentleman would not care to give me an opportunity to analyze the reasons for the success of the Republicans. You know the Republicans were elected by disgust. [Laughter.] You know that. People wanted to punish the Democrats; that is all. [Laughter.] So they elected you instead. They jumped from the frying pan into the fire, finding comfort in the process of jumping. That is all there is to it. [Laughter.] But they will not find much comfort in staying there. That is my hope. [Laughter.]

Mr. WILLIAMS. Why do not they ever jump in your direction? [Laughter.]

Mr. LONDON. Gentlemen, let us be serious. All I was trying to do was to present to you this question: First of all, we must give an opportunity to organized labor to develop. The financiers and leaders of industry are mistaken when they think that their salvation lies in the direction of crushing the labor unions. Man and man must be permitted to organize and unite, just as dollars and dollars are permitted to organize into corporations. It is as clear as day. In the case of corporations you have united action; action united in a corporation. You must permit soul and soul, man and man, to unite in organization for the improvement of their condition. I wish I could have on the floor of Congress a discussion where a man would say, "I represent the Lumber Trust, and I speak for the lumber industry," and another man "I represent the Sugar Trust, and I speak for the sugar industry," and then somebody who would say, "I represent the railroad workers; I worked with them and know their needs," and then have a discussion of the programs proposed by the various interests so as to come to an understanding of the general program which should be adopted by the people as a whole. Then we would have more earnest and frank and honest legislation.

Mr. GRIFFIN. Mr. Chairman, will the gentleman yield there, so as to get into the Record the fact that his statement there is equivalent to an approval of the soviet system in Russia?

Mr. LONDON. No; my statement is this: The evil of the so-called soviet system to-day is that in the excess of revolutionary zeal they have taken a small portion of the population, the industrial group, and through the dictatorship of that small group they attempt to rule society. That is the difficulty and the vice of the so-called soviet system.

Mr. GRIFFIN. But the virtue of it the gentleman says is in having various groups represented. Is that what he says?

Mr. LONDON. No; they prevent any group from finding expression except the industrial group. That is the vice of their system.

Mr. GRIFFIN. Is the gentleman's speech equivalent to an expression of approval of the soviet system?

Mr. LONDON. One moment. Let me say for myself what I think. The gentleman will realize that all modern legislation is economic legislation. We have no more legislation along moral lines. The decalogue is sufficient for that.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LONDON. Will the gentleman give me two minutes more, please?

Mr. RAINEY of Illinois. I yield to the gentleman two minutes more.

Mr. GRIFFIN. Will the gentleman at this point—

Mr. LONDON. Please do not take away my two minutes.

Mr. GRIFFIN. Will the gentleman answer whether he approves of the soviet system or not?

Mr. LONDON. The gentleman does not know a thing about the soviet system. Our legislation is all economic legislation. Protection or free trade involves economic legislation. When we legislate an eight-hour railroad day, it is economic legislation. When we adopt a law to protect against gambling in grain, that is economic legislation. All modern legislation is economic. My theory is that we would be better off if economic groups would honestly and plainly speak in their own names, instead of speaking in the name of the whole of society. When a protectionist speaks, he undertakes to speak in the name of the entire American people, instead of speaking in the name of the particular industry that desires protection, and so does every other group.

I submit that the continuous interruptions have made it impossible for me to take up the constructive side of the question. The soviet system has been brought up several times in the discussion. It has no relevancy to the subject. I have never championed the soviet system. I am endeavoring to present an American problem in the hope that an American solution will be found for it. At the first convenient opportunity I shall again take up the subject. In the meantime, I shall present in as few words as possible an outline of a program calculated to relieve the distress caused by unemployment.

That would be as follows:

The establishment of a national network of unemployment exchanges.

The adoption of a national minimum wage law.

Unemployment insurance for those that are involuntarily idle.

The complete elimination of child labor.

The reduction of hours of labor in keeping with increased productivity.

The reclamation of arid and of swamp lands.

Reforestation.

The exploitation of natural resources contained in the public lands of the United States.

Prevention of floods and inundations.

Building of public roads, canals, and similar public undertakings.

The authorization of a suitable loan—in the form of bonds bearing a nominal interest—to municipalities, to cooperative building loan societies, and to labor organizations for the construction of the 1,500,000 homes of which there is a shortage at the present moment.

The creation of a special commission whose function it shall be to study the problem of the regularization of industry so as to reduce to a minimum the evil of unemployment.

Of course it goes without saying that the adoption of a policy of conciliation in our international relations with all of Europe, including Russia, will help bring about order in the world and help bring new life to industry.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. RAINEY of Illinois. I yield five minutes to the gentleman from Texas [Mr. CONNALLY].

Mr. CONNALLY of Texas. Mr. Chairman and gentlemen of the committee, I am always interested in what the gentleman from New York [Mr. LONDON] has to say on this floor. He is a very intelligent man. We respect his opinions, and, unlike a great many who profess his beliefs, he seems to be sincere and entirely honest in his views, and I believe he is. He started out this afternoon by indicting both the Republican and the Democratic Parties. Of course, I agree to half of that indictment. [Laughter.]

Mr. CAMPBELL of Kansas. The gentleman appears on behalf of the prosecution! [Laughter.]

Mr. CONNALLY of Texas. The gentleman from New York indicts both the Republican and Democratic Parties for their conduct of the affairs of the United States, and he particularly pointed out the question of unemployment, and said he thought there ought to be set up somewhere an agency to ascertain the number of unemployed. At that point I asked him what he would do with the information when he had it, and he promised he would give me an answer to that question; but I submit to this committee that in his 25 minutes he did not again directly refer to the solution of the problem of unemployment.

Mr. LONDON. Will the gentleman yield me three minutes? If he will do so, I will give him an answer.

Mr. CONNALLY of Texas. I have only five minutes, and the gentleman had 25. I did not know before that the gentleman was a believer in the doctrine of 16 to 1. [Laughter.] Now, it is rather remarkable that the gentleman from New York should indict both the Republican and the Democratic Parties for their conduct of the affairs of this Government, and then in the next breath admit that opportunities for advancement and conditions of life in the United States are better than in any other country, and that in those respects no other country can compare to the United States. During the whole history of the Republic one party or the other, either the Democratic or the Republican Party, has been in control of the affairs of this Government. Yet notwithstanding that wonderful, marvelous development the gentleman stands here and indicts them both for bringing into being and conducting the greatest civilization that the world has ever seen.

But the gentleman suggests that our system is not perfect. We all grant that. Of course, we have not reached perfection, but compared with the other political systems of the world our institutions bear the most favorable comparison. But the gentleman says there are millions of unemployed in the United States. That is true.

One of the reasons for that is the fact that we have in the past built up artificial forces that have affected trade, and our friends on the Republican side are largely to blame for that, because they have built up the industries and the congested centers of population at the expense of the rural districts through the prohibitive protective tariff system which has taxed the country districts, and taken those taxes and paid them over to the industrial centers, thereby building up an artificial con-

dition of industry that has attracted to the centers of population great masses of people who, in times like these, when European trade is not open to American commerce, become unemployed.

Now, what is the remedy? Would the gentleman suggest that we open public workhouses to give them employment? Why, that was tried in France after the revolution of 1830; I believe it was after Louis Philippe came into power.

Mr. LONDON. That was in 1848, and the system was organized by people who wanted to smash it.

Mr. CONNALLY of Texas. At any rate, they tried public workhouses in France at the time of one of their revolutions and invited all of the unemployed to come and labor at the expense of the State. What was the result? It was a miserable failure, and even those who proposed it had to admit that it was a failure, and they found that it was such a failure that it was both bankrupting the Government and absolutely disorganizing the industries of France. I would not charge the gentleman from New York with professing ideas of sovietism, because he disavows them; but at the same time gentlemen in the Hall seem to draw the conclusion that the irresistible logic of the remarks of the gentleman from New York leads to sovietism.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. CONNALLY of Texas. I should like a little more time.

Mr. RAINEY of Illinois. I yield to the gentleman five minutes.

Mr. CONNALLY of Texas. Gentlemen contend that the logic of the gentleman from New York irresistibly leads to sovietism. I will allow him to square himself with that charge. I do not make it. But the gentleman is at least frank in his statement when he says that his ideas of government and of industry not only are not in operation in any place in the world, but he is candid and frank enough to admit that he hopes they will not be in operation. Now, the gentleman perhaps has a beautiful theory, but the trouble about his theories is that they never have been put into successful operation anywhere, nor will they ever be put into successful operation anywhere. The trouble about a great many of the unemployed in the United States is that they want to select their own employment, they want to select their own conditions under which they will be employed, and they want to select their own compensation. They want to congest themselves in the great cities and to have somebody give them positions at their own wages, on their own terms, instead of going out into the open places and seeking employment.

They want to remain in the congested districts in the great cities, and unless somebody offers them a position at their wage and at their terms, instead of seeking employment somewhere else they want to extort employment at the end of some violent act or at the end of a torch. I will say that if some of the unemployed in the great cities of the country will go out into the agricultural, ranch, and mining districts they can secure employment. Last year in my section of the country labor was worth three times what it was in normal times, and sufficient amounts could not be obtained at any price. At the same time in certain centers of the country reports were sent out that there was unemployment and labor could not be distributed over the country as needed. The trouble with the gentleman from New York is that he has become saturated with the theory and atmosphere that surrounds congested centers, demanding the right to eat. He says a man who is hungry has got to eat. Yes; and I want him to eat, but I want him to eat in the sweat of his own brow and not in the sweat of some one else's brow. [Applause.] If the gentleman wants such to eat, let those who desire to eat earn the bread that they eat. Let them produce something to eat and not content themselves by staying in New York and Chicago, demanding that some one else shall produce the things to eat out of the ground, pay the transportation of the article to the market, and bring it to their doorstep and deliver it to them without getting in return actual compensation in labor.

Now, I do not want my remarks to be construed as an attack on the gentleman from New York, because I respect him, but when he gets up and makes the open charge against the existing system and order of things I want him to point out something that will supply the remedy, and I submit to this House that in his complaint against the existing system and against the facts of existing unemployment, he has totally failed to show anything that his system or those who advocate it can offer to solve the question.

Mr. LONDON. Will the gentleman yield? I know he does not wish to place me in a false position. The gentleman must know that I have been interrupted so frequently by questions

that I have not been able to develop my statements, and that is why I asked leave to extend my remarks.

Mr. CONNALLY of Texas. I know the gentleman did, and I tried to help him secure consent to extend his remarks. But I suggest that he will have to extend his remarks a long way if he offers a solution of unemployment that will square with his theory and prove practicable. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. TINCHER. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. DICKINSON].

Mr. DICKINSON. Mr. Chairman, I trust that it will not be amiss with the membership of the committee to come back from the theoretical to the practical, because every consumer of food and every producer of grain, in my judgment, is interested in this legislation. I am very glad that the committee in bringing out this bill confine it to one subject. The first time I started to prepare a bill I made it cover all food products. I found that there were so many phases to the different food products included in agricultural products that it was impossible to cover all in one bill. The second bill I introduced, like the one introduced by the gentleman from Kansas [Mr. TINCHER], confined the bill to grain alone, and it is the grain proposition that I think should be the subject of this legislation, and I hope that you will confine it solely to the control of future grain speculation and in that way limit the scope of the bill.

There are only five or six future markets at the present time in grain. The greatest future market is at Minneapolis for wheat and at Chicago for corn. They have a future market in Kansas City, one in Toledo, and some future market in wheat at Baltimore. In my judgment, the futures could be limited to actual sale and delivery of the commodity, but this bill does not attempt to do that. It is the belief of those experienced in grain markets that if you limit the futures to the delivery of the commodity you will destroy the hedging privilege. In other words, in the bill I introduced I said that contracts were subject to the tax unless you could show a final delivery of the property. Every experienced man that has been long in the grain business came in and said if you pass such legislation you would do away with the future markets. If that is the case, it may be well to take the step you are taking in this bill. I am for the bill and believe it has many beneficial provisions. I believe it will inure to benefit of the grain producers of the country.

The one thing I object to is that instead of slapping the wrists of the fellows that manipulate the market I would like to hit them with a sledge, but probably that is not wise legislation at the present time. What do we do in this bill? You put out of business puts and calls, and that is one of the abuses of the present system. That is one of the worst abuses. Why? Because to-day the outside fellow is simply in there dealing on the margin alone, not attempting to benefit anybody or helping anyone to produce grain or attempting to benefit anybody but himself. He simply bids on a margin for his own benefit, and I believe he is the man to eliminate. What else do you do? You say that the Secretary of Agriculture shall have the right to license boards of trade at market places where grain is sold; that he shall have the right to revoke the license if the privilege is abused. I do not know but that we are putting in the hands of the Secretary of Agriculture an incorrigible child that has known no law and recognizes no God; but, being from Iowa, I have every confidence in the Secretary of Agriculture, for he is a student of the grain market, and has been for more than a third of a century, having studied it all his life, and I believe he can well establish rules and regulations that the board of trade must operate under that will be beneficial to the producer and the consumer of grain in this country.

What would it permit him to do? Why, it would permit him to impose on these boards the requirement that they should limit the amount of grain one concern could handle in one day. These recommendations have been made by some members of the boards of trade. I believe that a great majority of the grain men are honest fellows. I believe they are trying to run their business in a straightforward, legitimate way, and that they are as much afraid of the big speculator and manipulator as the producer is and would welcome the pressure from the Secretary of Agriculture that would permit them to impose upon their boards rules and regulations that would prevent a man coming in there with extensive credit, unlimited funds, and buying for 10 days or 2 weeks and then selling for 10 days or 2 weeks, simply paying for the margin that he could create on the large quantity he could handle. I believe the Secretary of Agriculture will be wise in his discretion in working out these regulations. Why? Because he knows that he must not abuse the privilege; that he can not destroy the present market, because it is the only system we have to de-

liver the producer's crop to the consumer, and if he did destroy the market he would seriously handicap the people of this country, because it would affect the producer and the consumer alike. Therefore, the present market system must not be destroyed. It must be encouraged and it must be controlled and operated along the lines that will produce the best results for both the producer and the consumer.

The only indictment I think we can charge against the present marketing system is the fact that nearly all of the best writers on markets tell us that from 7 to 10 per cent of our product, wheat and corn, that is exported fixes largely the price that we can charge for the balance here in this country. I think that is a serious indictment against the present marketing system. I believe that under the present sales organization being organized by the cooperative concerns of this country whereby they expect to extend their storage facilities, whereby they expect to have something to say as to when their crops shall be sold and what they shall be sold for, will be very beneficial in doing away with the present theory that the export part of our crop shall fix the market for the balance of the crop that is sold here. I believe that this legislation, working in conjunction with the sales organization that is proposed by the producers of this country, will work hand in hand to bring about the results that all of us are interested in and we hope will be for the benefit of those who produce the grain. [Applause.]

There is one other phase of this question. The Secretary of Agriculture if he cancels a license contract of a board of trade for future trading may cancel erroneously. He may be a man who may not be in sympathy with some of the actions of the board of trade. This bill gives the board the right of appeal to the court. Now, nearly everyone will immediately say that is just as good as not having any right of appeal. I do not believe he will find any board of trade that will appeal from the decision of the Secretary of Agriculture to the court for relief. Why? Because in the meantime according to the provisions of this bill they would be compelled not to deal in futures, and the great market centers of this country are dependent upon their future trade. In Chicago, I believe, it is shown that the market is stimulated largely by the future trading.

The further provision of this bill giving the Secretary of Agriculture authority over the reports to be filled out by the boards of trade, showing the tendency of the market up or down, will be beneficial in that it will prevent the circulation of false reports, having a tendency to fluctuate the market or manipulate the same. This provision is not as complete as it might be, but will have a tendency to expose to public censure the reports of grain on hand, weather conditions, crop estimates, and so forth. All of this is valuable data in determining what price should be paid.

The bill also will eliminate the private wire for the reason that the private wire can not operate under the existing regulations which will be prescribed for board of trade operations.

It is my belief that this bill, by the publicity it will give by recording all future and cash sales of grain on the board of trade and showing the parties of interest, will prevent manipulation by large concerns for personal gain. Criticism has been made of this bill in that it will tend to centralize the market in the hands of a few corporations. It does not seem to me that this criticism is well founded for the reason that under the provisions of this bill cooperative concerns are given a place on boards of exchange which would permit the sales corporation of the American Farm Bureau to hold a place on the board of trade and buy and sell as a member thereof.

The publicity that will be given the operations of the boards of exchange under this bill, together with the working of the sales corporation for marketing of grain, will be tested within the next two years in their operation, and we will then be able to determine whether or not future sales should be limited to the actual delivery of the commodity, and also whether or not, with the assistance of this bill and the operation of the said sales corporation, the export of the 7 per cent of our grain product will be able to determine the price of the other 93 per cent consumed in our own country. It seems to me that if this bill, working in conjunction with the said sales corporation, does no more than provide a storage capacity for the 7 per cent that does not need to be shipped abroad but is held for consumption here during the short production period we could then determine what additional legislation is necessary in order to further protect our marketing system. It is, therefore, my hope that this bill will pass and receive the sanction of the Senate and the Chief Executive and will be tried out in an effort to regulate the present marketing system which so materially affects all of the producers and all of the consumers in this country.

Mr. TINCER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. KETCHAM].

Mr. KETCHAM. Mr. Chairman and members of the committee, I desire to add my word of appreciation to those already spoken for the excellent work of the committee in the preparation of this bill and getting it before this committee so promptly. I realize, I think, from some experience in these matters, some of the difficulties which they have had to confront, and it does certainly seem to me they have brought us a bill that meets a difficult situation in splendid fashion. Possibly a little incident for which I am indebted to a good friend of mine, Mr. T. C. Atkeson, for long years representative of the grange, will best illustrate how they have met the situation. One morning a West Virginia farmer and his son were out watching a deer lick. It was very early, and suddenly as the morning light was breaking, an animal appeared. Neither of the hunters could quite distinctly determine what animal it was, and an argument arose between the father and the son as to whether the animal was a colt or a deer and whether or not they should shoot. After a long debate the father said to the son, "I think I can so shoot that if it happens to be a colt I will miss it and if it is a deer I will hit it." I think the committee has so well written the provisions of this bill that they will not hit the colt of hedging, but are dead sure to crack the deer of manipulation.

I desire, Mr. Chairman, to offer three reasons for supporting this measure. First, because I believe it to be for the common good. To-day there is no question of greater economic importance to the people of the United States than the question of distribution. The statement is made that out of every dollar that the ultimate consumer pays for the product that comes from the farm the farmer receives 35 cents. The statement is also made that last year the farmer received for the products mentioned in this bill the sum of nine and a half billion dollars. If this is 35 per cent of the cost to the ultimate consumer, he would expend over twenty-seven billions for these products of the farm. Making a deduction of nine and a half billions paid the farmer for the crops, we find that there would be a bill for the ultimate consumer to pay of seventeen and a half billion dollars as the cost of distribution. In contrast with this statement, gentlemen of the committee, I would like to hold up before you the experience of Denmark, where it is said that the expense of distributing farm crops through the cooperative plan is 10 cents out of each dollar instead of 65 cents.

For just a moment notice how the common good would be served if in a small measure the provisions of this bill correct the abuses which have arisen in the matter of distribution of grain crops. Grant that we can never approach the perfection of the Danish system. Instead of 65 cents, allow 20 cents of every dollar for distribution, and then make the proper deductions, and you will have a saving of \$12,000,000,000 that might be made in the distribution of the grain crops in their journey from the farm to the ultimate consumer.

Gentlemen of the committee, I say to you, with all due regard to the many splendid measures we are considering on the floor of this House, that there is no question fraught with greater significance to this Nation than the conditions this bill seeks to partially remedy. Therefore, I believe for the common good, which is the ultimate purpose of all legislation, we should stand for this bill without division, and I hope that such will be the result.

There is a second reason why, I think, the bill should be supported. It is because, in my judgment, it affords justice to the farmer himself. May I inquire who these farmers are? Some days ago, I think, some insinuations were cast here with reference to class legislation; and I beg the indulgence of the committee for a moment while I try to answer the question as to who these American farmers are and whether or not they are deserving of consideration in connection with this and similar bills that have been proposed.

There are in the United States 6,460,000 farms. With an average of four and one-half to the family, the farm population proper reaches 29,070,000, or 27 per cent of the total. What are they worth? According to the best statisticians, \$80,000,000,000. What is the average wealth per farm? Twelve thousand three hundred and eighty-eight dollars. Prof. David Friday, one of the great economists of the country, states that the income of the farmers for 1917 was fourteen and one-third billions. This would yield an average income of \$2,218 per farm. Deduct 6 per cent for capital invested and you will find the average income of the average family on the American farm, based on the figures of 1917, to be \$1,476. Therefore, I think if you weigh this matter fairly and consider the percentage of farmers in relation to the whole population and his wealth to the whole wealth of the country you will agree that it is but fair to give

him every consideration which can be given in enacting legislation of this character.

Again, the farmers are a splendid holding power against all influences that breathe the spirit of unrest and revolution. They own their homes for the most part. One of our leading statesmen has said not long since that an 80-acre farm free from debt lived upon by the owner supplied with a good quantity of live stock and with a comfortable degree of improvements upon it and a bank balance was the best social unit we have. Touching still further the vital question of home ownership, I bring to your attention the alarming statement carried by the Banker-Farmer, a conservatively edited publication of Illinois, that the census of 1910 showed that 60 per cent of the people of the whole Nation did not own their own homes. The percentage of such home owning is high in the country and low in the centers of population, reaching 80 per cent in New York City. No better work can be done by this Congress than to encourage home owning and home building and, so far as these are concerned, in the rural sections they await improved economic conditions which this bill clearly seeks to develop.

What happened to these farmers in 1920? According to Bradstreet's they grew 8 per cent more of the leading grain crops than in the bumper year of 1919, and when they marketed them took 39 per cent less than for the smaller crop of the previous season—a neat little total fluctuation of \$5,500,000. Manipulating of the market certainly was measurably responsible for the awful slump. If it be urged that the farmer must take his loss with the rest, the comparison of prices of pig iron and corn as fairly representative of the general price levels in industry and agriculture are interesting. In 1914 and for years before, the ratio between pig iron and corn was 1 ton of pig iron to 18 bushels of corn. In 1918, when prices were at the peak, the ratio was 1 ton of pig iron to 28 bushels of corn. In February of the present year the ratio was 1 ton of pig iron to 47 bushels of corn.

In view of these inequalities it is to be regretted that distinguished men of this House stand on the floor and oppose legislation for the development of the farmer group and make charges that this or any particular measure is in the nature of class legislation.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KETCHAM. Mr. Chairman, I ask for an extension of time. May I have five minutes?

Mr. TINCER. I have only 10 minutes remaining. I yield 2 more minutes to the gentleman.

Mr. KETCHAM. One further reason for the passage of this bill has not been sufficiently stressed as the discussion has developed in the committee. A business revival is greatly needed. Our distinguished friend from New England laments the idleness of eastern cotton mills. The farmers make up nearly 40 per cent of the buying power of the country. They are not now buying. Deducting more than five billions from their buying power in one year reacts powerfully against the business of the country. One sure way to help start a permanent business revival is to enact legislation such as the bill under consideration. By so doing you will help the farmer to escape the terrors of fluctuation and will secure for him a fair share of the dollars paid by the ultimate consumer for his product. Increased returns to him means increased business for the whole country.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. KETCHAM. Mr. Chairman, I ask leave to complete that statement. I ask unanimous consent to extend my remarks.

Mr. McCLINTIC. I object.

The CHAIRMAN. The gentleman has the right to revise his remarks without obtaining consent.

Mr. KETCHAM. I just desire to extend. I already have the right to revise.

Mr. JONES of Texas. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. SUMNERS].

The CHAIRMAN. The gentleman from Texas is recognized for 10 minutes.

Mr. SUMNERS of Texas. Mr. Chairman and gentlemen, I am for this bill, but for reasons that may not commend themselves to the average Member voting for the bill. My judgment is that this bill goes as far as any bill can go under the present system of marketing.

This bill does not do so very much, if the gentlemen who were good enough and wise enough to draft the bill will permit the observation. Under this bill anybody can buy and sell a hedge who wants to do it. Under this bill anybody can gamble on these exchanges who wants to do it.

This bill, however, does prohibit "puts" and "calls" and does provide that the Secretary of Agriculture may prevent manipulation, or rather does attempt to do this, and I am of

opinion the power is conferred. That is an important thing to do. That is about the only thing that can be done and preserve the present system. It does not show that gambling is right. It shows how bad the system is, in which it is admitted gambling must be permitted. The fact that gambling must be permitted shows that the system is economically unsound also. God did not rig the economic machinery so that it is necessary to do an immoral thing in order to do a necessary thing. This bill does eliminate certain sorts of gambling and to that extent it meets the moral test. Anything which decreases that which is wrong is worthy of support. Not only is the present system wrong in that fundamental particular, however, but no institution can function as an exchange in the general economical distribution of agricultural commodities, produced in a wide area which requires delivery at the place where the exchange is located. The cost of moving out of the natural channels of commercial movement in order to clear through these exchanges, especially the cotton exchanges, creates a prohibitive differential against such movement. Another thing, no future contract made on a basic grade can be a contract under which the ordinary commercial transactions and deliveries can properly be effected.

I make that statement with regard to cotton without fear of any contradiction. I am not so sure about grain. Take, for instance, the case of a miller, however, who wants for his mill Nos. 1, 2, 3, or 4 wheat, according to the kind of flour he is making. Now, so long as the contract on which he purchased can be complied with by the delivery of either grade of wheat the miller can not depend upon the deliveries on such contracts. He would not know in advance whether he would get what he needs.

In cotton there are usually about three grades at the outside which a mill can use. Deliveries outside of those grades are no more valuable than flax or wool would be. This is not an argument against this bill. It is against the system with which this bill has to do.

Take the matter of hedging. I admit that hedging is necessary under the present system, but hedging is more responsible than anything else for the instability of the price of agricultural products, and I defy anybody successfully to contradict that statement. What the farmer needs more than anything else is a broad market, a stable market. No business can be more stable than the market in which it sells. There is no other business which sells in so unstable a market as does agriculture. When you have a broad market and a stable market you have economic strength in your business; you have a foundation upon which you can build; you can forecast the future. Nobody can properly conduct a business that is shot all to pieces by all sorts of speculation and manipulation, as agricultural prices are. I said that hedging is more responsible for instability than anything else.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. In a moment. Now let me show you. Suppose when the grain crop has "come into sight" and a third of that crop has been sold for \$2 per bushel, two-thirds remaining with the farmer. Suppose the people who bought the third had not been able to hedge. Do you suppose they would turn loose for less than \$2? No; and the farmers who had sold the one-third would not sell the remainder for less than \$2. The tendency of that market would be upward, reflecting interest and carriage cost, and so forth, until it got within the shadow of the next crop. It would be a gradual, slow, upward movement, in the absence of some general controlling influence. When a part of the crop, however, is hedged those who hedge cut themselves off from every hope of gain if the price goes up and from every fear of loss if it goes down, so that that hedged part of the crop is like a derelict on the high seas, blown hither and thither by every wind of speculation. The minute the future market is driven down 15 cents per bushel, for instance, the people who hold that one-third of the crop can sell at 15 cents per bushel less than they could have sold for if the decline had not come and make as much money out of it as if they had sold it for \$2.15, futures going up also 15 cents per bushel. They say it is an insurance. That is true. But it is too blooming good an insurance. The unsold part of the crop is carrying all the weight of the whole crop. The unsold part of the crop is as safe as his neighbor's would be if a man could get an insurance policy on his house under which he could get every cent of its value even if he himself were to apply the torch to it.

You will never be able to get a stable market in this country, nor have economical distribution of farm products, until they are properly standardized, protected physically, and are given an opportunity to reach the general market through a system of real produce exchanges, where the actual commodities may be

sold by specific grade and move from the first point of concentration to the point of need by the shortest line of movement and in quantity and quality in accord with the demand for use.

I have introduced a bill to make this possible and had it here ever since I have been in Congress. I do not seem to be able to get anybody interested in it, and one of the reasons why I want to see the pending bill pass is that I want it to be demonstrated, as soon as possible, whether or not we can build a stable public market on these privately controlled, merchant-operated, so-called exchanges. I hope I do not appear egotistical when I say that it can not be done.

With regard to cotton, we keep trying to get the New York and New Orleans cotton exchanges to do that which they say they do not want to do, can not do, and will not try to do. Did the gentleman from Oklahoma want me to yield to him?

Mr. CARTER. The gentleman has answered my question.

Mr. SUMNERS of Texas. I am not in favor of the Government doing things which ought to be done by individual enterprise. I voted against all this stallion distribution and free-seed business and all that sort of rot. [Laughter.] I am not in favor of the Government doing anything that the private citizen can do, but I am in favor of this Government helping to create a proper market machinery for the sale of farm products. We have the necessary parts of the machinery, we have the great Department of Agriculture, organized for no other purpose than to help the American farmer to deal with the big problems which confront him; and the biggest problem of the American farmer is distribution. Is not that right? What in the name of common sense is the Department of Agriculture for? Why does it send out these fellows driving little Ford automobiles all over the country scattering the dust and bulletins and hot air everywhere, while the department refuses to do the big thing that needs to be done? I want to fire about half of that bunch and have the Department of Agriculture coordinated with the State Department, build a real produce-exchange system. I want it to properly standardize these agricultural commodities, so that when we talk about them everybody will have the same mental picture of them. That gives to them a universal commercial status while yet at the point of first concentration. Then I want to see these standardized commodities while at the place of first concentration listed on a real produce exchange, not on a basic grade, but the actual thing that is physically and morally protected, listed for sale by its specific descriptive grade, and when it is sold have it moved from the place where it was first concentrated to the place where somebody wants to use it. Then every article would have direct trade access to every market and every market direct trade access to every source of supply. Then, when you have got your commodities standardized physically and morally protected, and in trading contact with the markets of the world, you will have a real foundation on which you can build a rural credit system.

Gentlemen, this is tremendously important. You can never build a rural credit system on the haphazard farm-selling methods that we have in this country to-day; but if you had these commodities properly standardized, physically and morally protected, and in trading contact with the markets of the world—it would not take a great deal of Government supervision, but enough Government supervision to give entire strangers confidence in trading with each other—you would have a real foundation for a real chattel rural credit system. Farmers could take warehouse receipts covering these commodities so protected and bid successfully for the cheapest credit in the country. They could build their own credit system. Then these commodities could move out gradually and the people who live in the great cities of this country would have a better chance to get what they buy at a price nearer what the farmer gets.

Take this hedging. Who is paying for that and all the other economic waste and the physical waste? Not now, but tomorrow, the people who live in the cities will have to pay every overhead cost and give the country boys as much net profit to encourage them to stay on the farm as industry will bid for them or else the people in the cities will starve.

Mr. KINCHELOE. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Kentucky.

Mr. KINCHELOE. What does the gentleman think of the plan of the farm bureau and cooperative marketing? Does the gentleman think that is sound?

Mr. SUMNERS of Texas. I think the cooperative organizations of the farmers can build their warehouses, establish selling agencies, and by a limited cooperative, general financial responsibility behind their grades guarantee them, and guarantee delivery according to tender. The Federal Government would not have much to do to help them to a proper system of

marketing. It would simply have to establish a few produce exchanges. It would not sell or ship. It would provide the market possibility and protect it against abuse. Before closing I want to emphasize that I propose nothing new with regard to governmental duty. The maintenance of opportunity for freedom in commerce is the chief duty of government with regard to commerce.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KINCHELOE. How much time has the gentleman from Illinois remaining?

Mr. RAINEY of Illinois. My time is pretty well exhausted. I will yield to the gentleman another minute.

Mr. SUMNERS of Texas. Does anybody wish to ask me a question?

Mr. KINCHELOE. In what way does your proposition differ—

Mr. SUMNERS of Texas. I could not answer that question in one minute. Ask me a question that I can answer briefly.

Mr. KINCHELOE. I simply want to say that I think the farm bureau is the most constructive idea along that line of anything that I have seen yet.

Mr. SUMNERS of Texas. When we get to the consideration of the bill under the 5-minute rule I want to talk a little more about this.

I congratulate the committee on having brought out the best bill, in my judgment, which they can bring out at this time. They have gone as far as they can. Time will demonstrate if they are right. Of course, if they are wrong, we are going to find it out pretty soon.

Mr. RAINEY of Illinois. I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I believe the gentleman from Kansas [Mr. TINCHER] agreed to give me five minutes.

Mr. PURNELL. The gentleman who agreed to give that time has gone.

Mr. TINCHER. I have only 10 minutes left, and I have promised more time than that.

Mr. BLANTON. Can not the gentleman give me three minutes? I seem to be the only man opposed to the bill.

Mr. TINCHER. I want to be sure that the bill will pass, and if the gentleman is going to speak against it I am almost constrained to give him all the time I have. [Laughter.]

Mr. BLANTON. I thank the gentleman.

Mr. TINCHER. But I can not do that because I have promised it to another gentleman.

The CHAIRMAN. The gentleman has 12 minutes left and the gentleman from Illinois has 12 minutes left.

Mr. TINCHER. I will yield to the gentleman from Texas two minutes.

Mr. BLANTON. That gives me 12 minutes, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. BLANTON. Mr. Chairman, I believe if we were to bring in a bill here granting to every person in that vicinity a free Saturday afternoon once a week at Coney Island, and call it a farmers' bill, you could get enough votes here to pass it. If this bill would benefit the farmers I would be for it. If it would stop gambling in the food products raised by farmers I would be for it. The proponents of this bill, our friends on the committee, have stated as an argument for its passage and an argument in favor of the farmers' interests, that every year in the United States there are from fourteen to thirty times as many bushels of grain sold on exchanges as are raised in the United States. They state that in the United States each year there are three times as many bushels of grain sold on exchanges as are raised in the whole world. They declare against gambling transactions, and they say that they want to stop gambling, and that the farmers want gambling in farm products stopped, and therefore they bring in the best bill they know how to frame to stop gambling.

But does it stop gambling? We can not bet on horse racing, because that is gambling and it is stopped. We can not bet on poker, because that is stopped; we can not bet on the game of craps, because that is stopped; we can not buy a Louisiana lottery ticket, because that is stopped; we can not buy a lottery ticket that is issued in Cuba, because that is stopped; we can not play bridge for money, because that is stopped; and now, under this bill, you can not speculate in what they call puts and calls, because that is to be stopped by this bill. But puts and calls constitute a very small part of the gambling done on exchanges.

They would stop the gambling that occurs after the market closes each day, known as puts and calls, but they permit the gambling to occur in the markets. Right here to-day, when the distinguished Public Printer of the United States Government has stopped gambling upon futures in the Public Printing Office—and I want to say that I commend him for it, and for

recently suspending 14 men and 1 woman in his department for gambling against his orders—we come in with a bill licensing gambling in grain futures and putting it under Government protection to make it lawful by a statute of Congress. For, under the provisions of this bill, there will still be three times as many bushels of grain sold each year on the authorized exchanges in the United States as are raised in the whole world, and without one penny of tax.

I do not know that the farmers in my district are so very different from the farmers in your district, but I want to say that I keep in pretty close touch with the farmers in my district. When I have the time and opportunity I go among them, talk to them, and get their ideas and views, and try to find out what they are thinking about and what they want. I am here to tell you that I do not care how many farmers' organizations have approved this bill; I know that the farmers of my district do not want the Congress of the United States to legalize gambling by law, as is done in this bill.

Mr. TINCHER. Will the gentleman yield?

Mr. BLANTON. In a moment I will yield. I asked the distinguished gentleman from Wisconsin [Mr. VOIGT], a member of the committee, if under this bill a man could go beyond a legitimate hedge that our friends say is absolutely necessary for the protection of the grain producers, under the provisions of the bill, and speculate by buying futures to an unlimited number of bushels. He said, why, yes; that any man could go upon one of these designated markets and buy a million bushels of grain in a gambling way—not in a hedge, but in a gambling transaction. If you want to limit it to legitimate hedge, why do you not provide in this bill that where a man buys a certain number of bushels of grain in a legitimate enterprise, to protect himself he has the right to go on the market to the extent of his purchase and sell an equal number of futures? Then you would have a strictly hedge bill. But you go further and you provide that on an authorized market, which you are providing for by this law, that any gambler can go and buy or sell futures to the extent of any number of bushels of any kind of grain. Now I yield to the gentleman from Kansas.

Mr. TINCHER. Has the gentleman ever introduced a bill for the farmers of his district on the subject of markets?

Mr. BLANTON. I have not on that subject, but have on others, but I have from this floor advocated the passage of marketing provisions already pending before the committee.

Mr. TINCHER. Has the gentleman ever gone before the Agricultural Committee for the last two years and given the Agricultural Committee, which he is now criticizing, the benefit of his judgment?

Mr. BLANTON. Yes; the gentleman has seen me in the committee room.

Mr. TINCHER. I have never seen the gentleman there, and I have attended every committee hearing for the last two years.

Mr. BLANTON. Well, my colleague from Illinois [Mr. RAINEY] has seen me in the committee room several times.

Mr. RAINEY of Illinois. I have seen the gentleman from Texas there.

Mr. TINCHER. I have seen the gentleman from Texas [Mr. HUDSPETH] there. Has the gentleman ever made any suggestion or appeared before the committee when it held these hearings, which comprise 1,070 pages?

Mr. BLANTON. I am not on the Agricultural Committee, but am a member of four other committees, all of whose hearings I attend. I want to say that I made several speeches on the floor of the House time and time again advocating the principles contained in the bill of the last speaker, the gentleman from Texas, who has just left the floor. I have indorsed his bill, pending for a long time before your committee, that if you would pass would benefit every farmer in the United States.

Mr. TINCHER. What bill is that?

Mr. BLANTON. The bill of the gentleman from Texas [Mr. SUMNERS].

Mr. TINCHER. That bill has no reference to trading in grain futures.

Mr. BLANTON. It provides for the proper marketing of the products of the farmers in the country. I am not criticizing the Agricultural Committee.

Mr. TINCHER. The gentleman from Texas [Mr. SUMNERS] has no bill on the subject of grain futures. I did not know that the gentleman could see any good in that bill.

Mr. BLANTON. He has had a farm product marketing bill pending before your committee for a long time, and I have several times advocated its provisions. I always indorse anything good, regardless of its source. I vote for good measures whether they are called Republican or Democratic; I always do. I indorse everything that is good in this House. I have voted for as many measures that came from the Republican side as I

have from the Democratic side when it appealed to me as being a proper thing for the country. I am not criticizing the committee. I am not going to vote for the bill. I am not going to vote for any single piece of legislation which legalizes gambling. I know where the farmers in my district stand. And I am going to vote as I think they would were they here in person.

Mr. VOIGT. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. VOIGT. I want to say to the gentleman that the bill does not legalize gambling.

Mr. BLANTON. Well, I want to say to the gentleman, and if I am wrong he can correct me, that under this bill the very minute the Secretary of Agriculture designates the market I can go with the gentleman and buy a million bushels of wheat and he can buy a million bushels on a speculative proposition alone, a gambling transaction, when neither one of us expects to deliver or receive the grain. Is not that so?

Mr. VOIGT. I will say to the gentleman that we could go to that exchange and make a contract.

Mr. BLANTON. A gambling contract. One to sell and buy 10,000 bushels of wheat. And we do not expect to fulfill it; we expect to pay the margin.

Mr. VOIGT. It may be we do not, but our contract as made is legal and is not determined by this bill.

Mr. BLANTON. Mr. Chairman, you can not get around this proposition. Under this bill any man may buy or sell a million bushels of grain futures. You are legalizing gambling, and you might just as well admit it. You might as well look facts squarely in the face. I do not care whether you propose it as a so-called friend of the farmer or not—you are not any better friend of the farmer than I am, you have not got the confidence of the farmers in your district more than I have in mine—

Mr. CAMPBELL of Kansas. What section of the bill legalizes gambling?

Mr. BLANTON. The whole bill.

Mr. CAMPBELL of Kansas. What section?

Mr. BLANTON. Section 4 and the provisions which follow afterwards.

Mr. KINCHELOE. Where does the gentleman find that section 4 legalizes gambling?

Mr. BLANTON. The gentleman from Kentucky has heard the argument and knows that he can buy or sell a million bushels of wheat when he does not expect it to be delivered, but merely the gambling margin to be paid.

Mr. KINCHELOE. I say there is not a line or a scintilla in this bill that legalizes gambling, and the gentleman can not show it.

Mr. BLANTON. This bill makes gambling in grain futures on authorized markets legitimate speculation. It legalizes speculation in wheat, corn, oats, barley, rye, and sorghum futures, in unlimited millions of bushels, on certain authorized markets, without any tax, when you have not got any wheat, corn, oats, barley, rye, and sorghum to deliver, but merely gambling margins to pay according to fluctuations. If that is not gambling I do not understand what is.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAINEY of Illinois. I yield five minutes to the gentleman from New York [Mr. GRIFFIN].

Mr. GRIFFIN. Mr. Chairman and gentlemen of the committee, I am not sufficiently expert in ornithology to mention the name, but I understand there is a certain bird that is distinguished for the characteristic of befouling its own nest. Whatever it is, I have very little respect for the creature. Kicking at Congress seems to have become a popular sport. Heretofore it has been confined to the newspapers. The other night I attended a movie exhibition which would seem to indicate that the art had crept into the film business. To-day we listened to a Member of this House as he engaged in this delectable occupation of finding fault with the American Congress. Gentlemen, the American representative idea is the last word in popular government. All other forms of representation in legislative bodies have been tried out some time or other in the world's history. Even the soviet system now in vogue in Russia had its career in ancient times and miserably failed, even as it is failing in Russia. The English adopted the system of having class representation and still stick to it with bullheaded persistency. When our Government was organized we abandoned the old idea of having a representative body made up of any class, creed, race, or condition. The American idea in forming the Congress was that every citizen of our country, irrespective of his wealth, irrespective of his race, religion, or condition, should be represented in the National Legislature. That is the true basis of democratic government, and when I suspect that a Member of this House, my colleague from the city of New York, is arguing for an apparent approval of the soviet system, I feel I am justified in resenting his allusion. I leave it to the judg-

ment and the recollection of the Members of this House whether I quote the gentleman correctly. He said that he would like to see in this body a representative or representatives of the lumber interest, representatives of the railroad interest, and representatives of the employees. I asked him if that were not equivalent to an approval of the soviet system and he evaded the question. Now, if his language bears any interpretation whatever within the bounds of reason—

Mr. LONDON. Will the gentleman yield?

Mr. GRIFFIN. It is certainly susceptible of the construction I put upon it, namely, an approval of the soviet system of government. I can not yield now. However, there is one retreat to which he may resort in palliation of his obvious indorsement of the soviet system. The soviet system does not go as far as the gentleman does in being willing to accord representation in its representative body to wealth and capital. He, it seems, is willing to accord that privilege. Under the soviet system representation is confined solely and wholly to the working classes. The mere fact that a man employs help excludes him from citizenship and from representation in the various soviets. They recognize only labor. He would recognize capital as well. In that respect he has some defense to make, but the basic idea that groups or industries should be represented is purely of soviet origin. The gentleman would like to see representatives of certain groups or interests in this House in order that they might be consulted with on questions that come before this body. That, I think, is equivalent to an indorsement of the basic idea of the soviet system. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. RAINEY of Illinois. I yield five minutes to the gentleman from Kansas [Mr. CAMPBELL].

Mr. TINCHER. Mr. Chairman, I yield the remainder of my time.

The CHAIRMAN. The gentleman is recognized for 13 minutes.

Mr. CAMPBELL of Kansas. Mr. Chairman, whether this bill entirely prohibits gambling transactions in the price of farm products or not, it is certain that it goes a long way in that direction. It affords me a great deal of satisfaction to close the debate on a bill that goes as far as this does, and I congratulate my colleague [Mr. TINCHER] for bringing this bill out of the Committee on Agriculture and giving us an opportunity to vote on it here. Some 12 or 15 years ago I introduced and finally saw the passage of a bill closing the bucket shops in the District of Columbia and in the Territories of the United States where we had jurisdiction. At that time I made a study of laws that had been enacted in the countries of the world limiting gambling transactions in the price of food products. At that time this country stood out practically alone among the great nations of the world as the one in which the people were permitted to gamble in the prices of food products. Wheat, oats, corn, and meats of all kinds have their pits on our exchanges; and men who do not raise grain or meat—men who do not desire to buy and have none to sell—buy and sell millions of bushels of grain and millions of pounds of meat. These transactions fix the price to the real producer and to the ultimate consumer. The law of supply and demand may have a remote relationship to the gambling that takes place in the price of these products. But if a crowned head in Europe stumps his toe on the way home from the theater, it has quite as much effect on the price of wheat on the Chicago market the next morning as rain or drought out in the wheat belt. If somebody introduces a resolution in the Congress or a State legislature to investigate a stock exchange, that also affects the price of wheat, corn, oats, or beef or pork. This is wholly indefensible. This bill, going as far as it does, is a long step in a direction which, I hope, will ultimately result in stopping all betting in the price of food commodities. There is not a shoe manufacturer in the United States who could continue his business if the price of his shoes were fixed in a shoe pit in Chicago or New York.

If men who neither make nor buy shoes controlled in those pits the price of the product of shoe factories, every shoe factory in this country would close. The same is true of hats, finished clothing, and practically every other finished product that reaches the consumer. The farmer alone is the great producer whose product goes upon the market and sells for a price fixed by a lot of gamblers. This bill will stop the most vicious and injurious part of that gambling.

Mr. BLANTON. Will the gentleman yield?

Mr. CAMPBELL of Kansas. I can not yield.

The farmers are not so well situated as the shoe manufacturers or the hat makers, who fix the price of their own product that you and I pay, but I hope and confidently believe a better day is coming. We passed a bill through this House a few days ago that will enable the farmers to form organizations that

I trust will in the future enable them to put their products upon the market at a reasonable price that they fix themselves. Why not? We pay the price that the manufacturers of agricultural machinery make on their products. We pay the price that the manufacturers of shoes and clothing see fit to make. We pay the price that the manufacturers of our own raw materials see fit to make when they return them to us as finished products. Why, with a proper organization, can not the farmers of this country, after ascertaining, at the close of the season, the supply of grain, the supply of meat, after estimating as carefully as the manufacturer of shoes and clothing the supply and demand for their products, announce their price to the world, plus the freight rates from the producing points to the markets? That will stabilize the cost of living in this country, will place the farmers in the position of the manufacturers in the production of their commodities, and enable them to meet the necessities of the country's life by engaging in a business in which the price of their products is not fixed by gamblers who manipulate the price up or down to their own gain, but neither buy nor sell the real article.

Section 4 gives the Secretary of Agriculture control over these gambling places. They are to-day absolutely untrammelled, unhindered, except as local legislation may in a very limited way affect them. This bill will prohibit certain vicious species of gambling. It will prohibit "puts" and "calls." It taxes them so high that it will stop the practice.

It seems to me, Mr. Chairman, we have made much progress to-day by advancing this kind of legislation. The Secretary of Agriculture under the provisions of this bill, I have no doubt, by keeping a close hand and close eye over the transactions in the pits that deal in the products of the farm, will make suggestions of practices that he has discovered that will secure additional legislation, amendatory of this act, that will be beneficial to the producers as well as to the consumers of the country.

The gentleman from Texas [Mr. BLANTON] says that he is acquainted with the farmer. The gentleman probably never started to town with a load of wheat on a Thursday, having learned in the weekly paper he received the Saturday before that the price was 85 cents a bushel—the paper having been published the previous week—and after he had reached town found that the price of wheat was down to 65 cents a bushel. I know a young fellow who had just that experience. The price of wheat had been manipulated down to suit the gambler's game and I lost 20 cents a bushel on a load of wheat. Men are having that experience to-day in every part of this country.

It is true the people to-day have the advantage of rural free delivery and every farmer receives some time during the day the market reports of the day before. In the days when I was raising wheat we got the weekly paper on Saturday when we went to town, and that was our latest report on the market. But even now the price of wheat changes, the price of meat changes, the price of everything that is produced on the farm changes, over night. If the President sneezes and the doctor says that he has influenza, that fact changes the price of wheat. If there is a lack of rain in North Dakota just at the time wheat ought to have a little rain to bring it out, that changes the price on the pit in Chicago months before the wheat is to be harvested. Any pretext is sufficient to enable the gamblers to change the price of wheat in the pit. Out of these speculations, which are a pure gamble, we have seen monuments erected to great gamblers. I shall not name them. You know them. They made their fortunes in wheat and never raised a bushel of wheat or sold an actual bushel of wheat. They made millions by betting on the price of other people's wheat, wheat that other people raised, and wheat that other people had to buy or sell.

Men of that kind are opposed to this bill and to every bill like it. They are opposed to limiting the kind of gambling that has enabled them to pile up the millions that they have made. They have not made their money out of the farmers directly, but they have injuriously affected them indirectly. I have very little sympathy for the people these gamblers have taken their money from. I have very little sympathy for a man who will bet on another man's game, whether it is a shell game, roulette, or poker, or betting on the price of wheat in the pit. It is not more safe to bet on another man's game in wheat, in pork, in corn, than on a roulette wheel. So I have very little sympathy with the men who have directly contributed millions of money to the gamblers in the price of farm products. Let us pass this bill and stop as far as possible the injury to the farmers who raise and sell the products. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. Mr. RAINEY of Illinois. Mr. Chairman, the report from the Committee on Agriculture was unanimous for this bill. On account of serious illness in my family, I was unable to be present

at the hearings. I further understood there was a unanimity of opinion amongst the various exchanges and members of boards of trade favoring this bill, and no objection to same being called to my attention from any of the members of the Chicago Board of Trade, I decided to refrain from speaking during general debate and allotted to the various Members all the time under my control. But two minutes remain, and I wish to suggest that since debate began I have received several telegrams from members of the Chicago Board of Trade suggesting their opposition to this bill.

I agree with our President's suggestion of less government in business and am opposed to the broad powers given the Secretary of Agriculture to make rules and regulations. It places these boards of trade under bureaucratic control.

I am in favor of specific legislation. If, as is claimed, gambling exists on the board of trade, and you wish to correct this practice or abuse, pass some specific law to do away with such gambling, but do not attempt, as is done in this bill, to permit the Secretary of Agriculture to conduct other people's business.

The CHAIRMAN. The time of the gentleman from Illinois has expired. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc. That this act shall be known by the short title of "the future trading act."

Mr. BLANTON. Mr. Chairman, I make the point of order that there is no quorum present.

Mr. TINCHER. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MADDEN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 5676) taxing contracts for the sale of grain for future delivery, and options for such contracts, and providing for the regulation of boards of trade, and for other purposes, had come to no resolution thereon.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. SHREVE, for one week, on account of official business.

To Mr. PERLMAN, for one week, on account of illness in his family.

EXECUTIVE ORDER RESPECTING POSTMASTERS.

Mr. WALSH. Mr. Speaker, I ask permission to propound an inquiry. Was there any provision made for the printing of the Executive order of the President?

The SPEAKER. None that it could be printed, except in the Record.

Mr. WALSH. I ask unanimous consent that the order may be printed as a document for the use of the Members of the House, to be distributed through the folding room in such quantity as can be printed for the sum of \$500, I think, which does not require a concurrent resolution, or it may be \$50.

Mr. GARNER. Mr. Speaker, I shall not object to the request, but I am sure that the gentleman can get all the copies of this order that he desires at the Post Office Department if he requests them. I made such a request this morning, and they promptly told me—

Mr. WALSH. It may be that there might be a larger demand for them on this side than on the gentleman's side. [Laughter.]

Mr. GARNER. But I have no objection to the gentleman's request.

Mr. GARRETT of Tennessee. Mr. Speaker, does that mean just the order, or also the statement accompanying it?

Mr. WALSH. I do not care anything about the statement.

Mr. GARNER. Let us have the statement go with the order.

Mr. WALSH. I do not ask for the printing of the statement.

Mr. GARNER. It seems to me the statement ought to go with it. It seems to me the statement explains the Executive order.

Mr. WINGO. Mr. Speaker, in justice to the President, it ought to be printed. He gives his reasons.

Mr. GARNER. Why does the gentleman from Massachusetts object to the statement going in with the order?

Mr. WALSH. Because I assume that the operations will be under the order and not under the statement.

Mr. GARNER. The statement will certainly give information that will be beneficial to the gentleman's constituents.

Mr. WALSH. I do not know about that.

Mr. GARNER. The President may have to amend it some time, as I hope; but at the same time it is the President's statement accompanying the order, and I think it should go in.

Mr. WALSH. I appreciate the gentleman's desire that due publicity should be given to the statement of the President, and I do not object to that in this instance. However, if the gentleman is going to object unless that request is coupled with it, I will ask that the Executive order and the President's statement accompanying it be printed.

Mr. MADDEN. Mr. Speaker, I hope the gentleman from Massachusetts will not amend his request. I hope the gentleman from Texas will not object to the original request.

Mr. GARNER. I do not object; but I think the gentleman from Massachusetts is likely to come back with the statement that his constituents desire the statement.

Mr. WALSH. Mr. Speaker, I renew my original request.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Texas makes the point of order that there is no quorum present.

ADJOURNMENT.

Mr. TINCHER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 4 minutes p. m.) the House adjourned until to-morrow, Thursday, May 12, 1921, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

127. A letter from the Secretary of the Treasury, transmitting an estimate of appropriation, in the sum of \$514.26, heretofore transmitted to the Congress and printed with accompanying papers in Senate Document No. 407, Sixty-sixth Congress; to the Committee on Expenditures in the Treasury Department.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. KAHN, from the Committee on Military Affairs, to which was referred the joint resolution (H. J. Res. 106) authorizing the Secretary of War to loan cots and blankets for the use of the Grand Army of the Republic at the Ohio State encampment to be held at Greenville, Ohio, in June, 1921, reported the same without amendment, accompanied by a report (No. 60), which said bill and report were referred to the House Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. CROWTHER: A bill (H. R. 6110) amending section 97 of the act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; to the Committee on the Judiciary.

By Mr. APPLEBY: A bill (H. R. 6111) amending the revenue act of 1918, and providing for increase of revenue by imposing a tax upon all sight or demand bank checks; to the Committee on Ways and Means.

Also, a bill (H. R. 6112) making an appropriation for the construction of jetties for the proper protection of Barnegat Light-house, at Barnegat City, N. J., in the third lighthouse district; to the Committee on Appropriations.

By Mr. CODD: A bill (H. R. 6113) to amend section 23 of the act of February 5, 1917 (39 Stat. L., 874); to the Committee on Immigration and Naturalization.

By Mr. ELLIS: A bill (H. R. 6114) to provide for the appointment of an additional judge of the District Court of the United States for the Western District of Missouri; to the Committee on the Judiciary.

By Mr. JOHNSON of South Dakota: A bill (H. R. 6115) providing for the transfer from the War Department of certain motor vehicles, apparatuses, equipment, and supplies, including uniform equipment, for the use of the police and fire departments of the District of Columbia; to the Committee on Military Affairs.

By Mr. LINEBERGER: A bill (H. R. 6116) to punish the violation of the eighteenth amendment to the Constitution by American citizens in certain foreign countries; to the Committee on the Judiciary.

By Mr. OLDFIELD: A bill (H. R. 6117) providing for the purchase of certain inventions, designs, and methods of aircraft, aircraft parts, and aviation technique of Edwin Fairfax Naulty and Leslie Fairfax Naulty, of New York; to the Committee on Appropriations.

By Mr. TINKHAM: A bill (H. R. 6118) to increase the limit of cost of the immigration station at Boston, Mass.; to the Committee on Public Buildings and Grounds.

By Mr. KEARNS: A bill (H. R. 6119) for the coinage of a Grant souvenir gold dollar, in commemoration of the centenary of the birth of Gen. U. S. Grant, late President of the United States; to the Committee on Coinage, Weights, and Measures.

By Mr. KRAUS: A bill (H. R. 6120) relating to the naval supply account and the naval supply account fund; to the Committee on Naval Affairs.

By Mr. IRELAND: Resolution (H. Res. 87) authorizing the payment of six months' salary and funeral expenses to Florence E. Weakley on account of death of Alvin Weakley, late an employee of the House of Representatives; to the Committee on Accounts.

By Mr. MICHENER: Resolution (H. Res. 88) to pay J. C. Mehrkens, clerk to the late William H. Frankhauser, one month's salary; to the Committee on Accounts.

By Mr. JOHNSON of South Dakota: Resolution (H. Res. 89) providing for investigation of the collection and expenditure of money for the benefit of disabled ex-service men; to the Committee on Rules.

By the SPEAKER (by request): Memorial of the Legislature of the Territory of Hawaii, urging the Congress of the United States to provide legislation for the introduction or immigration into the Territory of Hawaii of a certain number of persons; to the Committee on the Territories.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BECK: A bill (H. R. 6121) granting a pension to August C. Reisz; to the Committee on Pensions.

By Mr. BULWINKLE: A bill (H. R. 6122) authorizing the Secretary of War to donate to the city of Charlotte, State of North Carolina, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 6123) authorizing the Secretary of War to donate to the city of Shelby, State of North Carolina, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 6124) authorizing the Secretary of War to donate to the city of Gastonia, State of North Carolina, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 6125) authorizing the Secretary of War to donate to the city of Lincolnton, State of North Carolina, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 6126) authorizing the Secretary of War to donate to the city of Newton, State of North Carolina, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 6127) authorizing the Secretary of War to donate to the city of Morgantown, State of North Carolina, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. COUGHLIN: A bill (H. R. 6128) to restore Jedediah C. Paine to his former position as captain and brevet lieutenant colonel, Signal Corps, United States Army; to the Committee on Military Affairs.

By Mr. DARROW: A bill (H. R. 6129) granting an increase of pension to Elmira E. Sheldrake; to the Committee on Pensions.

By Mr. DRANE: A bill (H. R. 6130) providing for the appointment of Warrant Officer Herbert Warren Hardman as captain in the Quartermaster Corps, United States Army; to the Committee on Military Affairs.

By Mr. FOCHT: A bill (H. R. 6131) authorizing the Secretary of War to donate to the town of Burnham, State of Pennsylvania, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. HUDSPETH: A bill (H. R. 6132) granting back pension to Samuel J. Ferrier; to the Committee on Invalid Pensions.

By Mr. LINTHICUM: A bill (H. R. 6133) granting a pension to Rebekah Underwood; to the Committee on Invalid Pensions.

By Mr. MILLS: A bill (H. R. 6134) for the relief of the estate of Anne C. Shymer; to the Committee on Claims.

By Mr. MOORES of Indiana: A bill (H. R. 6135) for the relief of Frederick W. Zichendrach; to the Committee on Military Affairs.

By Mr. PARKER of New York: A bill (H. R. 6136) granting a pension to Ellen Bridge; to the Committee on Invalid Pensions.

By Mr. RICKETTS: A bill (H. R. 6137) granting a pension to Drucilla Luce; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6138) granting a pension to George W. Dille; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6139) granting a pension to Carrie Lane; to the Committee on Invalid Pensions.

By Mr. ROUSE: A bill (H. R. 6140) for the relief of Austin W. Davis; to the Committee on Military Affairs.

By Mr. RYAN: A bill (H. R. 6141) authorizing the Secretary of War to donate to Fordham University, New York City, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. SWANK: A bill (H. R. 6142) for the relief of Beryl M. McHam; to the Committee on Military Affairs.

Also, a bill (H. R. 6143) granting an increase of pension to Richard T. Jacob; to the Committee on Pensions.

By Mr. TAYLOR of New Jersey: A bill (H. R. 6144) granting a pension to Arthur O'Hara; to the Committee on Invalid Pensions.

By Mr. TILLMAN: A bill (H. R. 6145) to correct the military record of George W. Boling; to the Committee on Military Affairs.

By Mr. YOUNG: A bill (H. R. 6146) authorizing the Secretary of war to donate to the city of Valley City, State of North Dakota, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 6147) authorizing the Secretary of War to donate to Jamestown College, Jamestown, N. Dak., one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 6148) authorizing the Secretary of War to donate to the city of McClusky, State of North Dakota, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. WILLIAMSON: A bill (H. R. 6149) granting a pension to Sophia G. Cleaver; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

610. By the SPEAKER (by request): Petition of Liga Social Sufragista de Puerto Rico, San Juan, P. R., urging suffrage for women in Porto Rico; to the Committee on Insular Affairs.

611. By Mr. BARBOUR: Petition of the California Grape Growers' Exchange, urging an appropriation to purchase the experiment vineyards near Fresno and Oakville, Calif.; to the Committee on Appropriations.

612. By Mr. BEGG: Petition of citizens of Vermilion, Ohio, for a repeal of the 10 per cent tax on yachts; to the Committee on Ways and Means.

613. By Mr. CHALMERS: Petition of John A. Fader Post, No. 114, American Legion, Oak Harbor, Ohio, indorsing legislative program of American Legion; to the Committee on Interstate and Foreign Commerce.

614. Also, petition of International Brotherhood of Locomotive Engineers, Division No. 4, against sales or turnover tax and in favor of high progressive taxation of large incomes; to the Committee on Ways and Means.

615. By Mr. DRIVER: Petition of Women's Club of Searcy, Ark., favoring the Smith-Towner education bill; to the Committee on Education.

616. By Mr. KISSEL: Petition of James M. McAuliffe, sr., 171 Kent Street, New York City, favoring the passage of the La Follette bill, which provides for the recognition of the Irish republic; to the Committee on Foreign Affairs.

617. Also, petition of A. H. Scott, 533 Greenwich Street, New York City, favoring the passage of the Hill bill, a bill for the repeal of the Volstead measure; to the Committee on the Judiciary.

618. Also, petition of W. F. Buckley, 112 Park Avenue, New York City, opposing the recognition of the Mexican Government until justice has been done to American citizens in Mexico; to the Committee on Foreign Affairs.

619. Also, petition of William C. Werner, 46 West Twenty-eighth Street, New York City, opposing the present 10 per cent tax on furs and suggesting a 1 per cent gross sales or turnover tax in lieu of every kind of business tax; to the Committee on Ways and Means.

620. Also, petition of Joseph Dixon Crucible Co., Jersey City, N. J., relative to tariff on graphite; to the Committee on Ways and Means.

621. Also, petition of E. G. Stearns, Chicago, Ill., urging lower freight rates on coal, etc.; to the Committee on Interstate and Foreign Commerce.

622. By Mr. LINTHICUM: Petitions of Maryland Association of Insurance Agents and Baltimore Underwriter Insurance Agents, both of Baltimore, Md., opposing House bill 4089 and Senate bill 847; to the Committee on the District of Columbia.

623. Also, petition of G. Spath and Mr. and Mrs. G. E. Hartley, all of Baltimore, Md., favoring House bill 7; to the Committee on Education.

624. Also, petition of F. A. Broadbent, Baltimore, Md., favoring soldiers' bonus; to the Committee on Ways and Means.

625. Also, petition of State Roads Commission, Baltimore, Md., approving amendments to Federal aid bill; to the Committee on the Post Office and Post Roads.

626. Also, petition of Swindell Bros., Baltimore, Md., protesting against House bill 4981; to the Committee on Agriculture.

627. Also, petition of Dr. William G. Tucker, Baltimore, Md., opposing tax on eyeglasses; to the Committee on Ways and Means.

628. By Mr. MEAD: Petition of the International Brotherhood of Locomotive Engineers, Buffalo, N. Y., urging defeat of the sales or proposed turnover tax; to the Committee on Ways and Means.

629. Also, petition of Edward Gaw Flanigan, Buffalo, N. Y., urging the passage of the bill to enlarge the office of the United States commissioners; to the Committee on the Judiciary.

630. By Mr. MORGAN: Petition of Amalgamated Lithographers of America, Coshocton Local, No. 19, Coshocton, Ohio, praying for higher rate of duty on lithographing, etc.; to the Committee on Ways and Means.

631. By Mr. NEWTON of Minnesota: Petitions of sundry citizens of Minneapolis, Minn., urging the Congress of the United States to take the necessary action toward recognizing the republic of Ireland; to the Committee on Foreign Affairs.

632. By Mr. RAKER: Letter from national president of National Congress of Mothers and Parent-Teacher Associations indorsing Sheppard-Towner bill; to the Committee on Education. Assembly joint resolution No. 29, California State Legislature, regarding the disposition of automobile tolls of Yosemite National Park; to the Committee on Appropriations. Letter from Pig & Whistle Co., San Francisco, Calif., urging elimination of the excise tax on candy; to the Committee on Ways and Means. Letter from California State Automobile Association, indorsing Senate bill 1072; to the Committee on the Post Office and Post Roads.

633. Also, letter from Harry Everest, forest ranger, Hayfork, Calif., urging the passage of a reclassification law; to the Committee on Reform in the Civil Service. Letter from Obrikat-Meyer Fur Co., of Los Angeles, Calif., urging repeal of the tax on manufactured furs; to the Committee on Ways and Means.

634. By Mr. RYAN: Petition of Mr. Joseph McCartris, New York City, urging the recognition of the Irish republic, etc.; to the Committee on Foreign Affairs.

635. By Mr. SINCLAIR: Petitions of Dickey Lodge, No. 63, Ancient Free and Accepted Masons, Dickey, N. Dak., and Deering Lodge, No. 141, Deering, N. Dak., in favor of the Smith-Towner bill; to the Committee on Education.

636. Also, petition of Women's Auxiliary of the American Legion, Portal, N. Dak., urging the passage of legislation for the relief of disabled service men; to the Committee on Ways and Means.

637. Also, petition of citizens of Williston, N. Dak., in mass meeting assembled, calling upon our Government to recognize the Irish republic; to the Committee on Foreign Affairs.

638. By Mr. TINKHAM: Petition of citizens of Roxbury, Mass., urging the recognition of the Irish republic; to the Committee on Foreign Affairs.

639. Also, petition of the North Washington Citizens' Association, Washington, D. C., urging establishment in the District of Columbia of home for the teaching and training for the feeble-minded, etc.; to the Committee on the District of Columbia.

640. By Mr. YOUNG: Petition of a mass meeting held at Fargo, N. Dak., praying for the recognition of the republic of Ireland by the United States Government; to the Committee on Foreign Affairs.

641. Also, petition of Deering Lodge, No. 141, Independent Order of Odd Fellows, of Deering, N. Dak., praying for the passage of the so-called Smith-Towner bill to establish a department of education, etc.; to the Committee on Education.

642. Also, memorial of the South Dakota Press Association, Iroquois, S. Dak., remonstrating against the repeal of the present postal zone rate; to the Committee on Ways and Means.